TW-98-356

THE TECHNICAL AND FINANCIAL PROVISIONING OF CALLING SCOPES IN A COMPETITIVE ENVIRONMENT

October 27, 1998

Introduction[1]

The issue of providing expanded calling scopes in a competitive telecommunications environment has become a challenging one for the Missouri Public Service Commission (Commission). The problem facing the Commission is whether expanded calling scopes can be required, or are necessary, in the competitive deregulated telecommunications environment mandated by both the Federal Legislature and the Missouri Legislature. Competition in the telecommunications industry may cause numerous changes in the services provided to Missouri customers. The Commission, therefore, found it appropriate to establish an informational docket to develop another report on calling scope issues and services in the State of Missouri as those issues currently exist. Case No. TW-98-356 was established on February 18, 1998 to accomplish that goal.

The Commission established this docket to thoroughly examine the issue of expanded calling scopes in a competitive environment. The following were granted participation by the Commission: Southwestern Bell Telephone Company (SWBT), Sprint Communications Company, L.P., and Sprint Missouri, Inc (Sprint), MCI Telecommunications Corporation (MCI) and MCImetro Access Transmission Services, Inc. (MCImetro), TCG St. Louis (TCG), Mid-Missouri Group (Mid-Mo Group), Sprint Spectrum, GTE Midwest Incorporated (GTE), COMPTEL-MO, Fidelity Telephone Company (Fidelity), Bourbeuse Telephone Co. (Bourbeuse), The Small Telephone Company Group (STCG), ALLTEL Missouri, Inc. (ALLTEL), AT&T Communications of the Southwest, Inc. (AT&T), Brooks Fiber Communications of Mo. (Brooks) and Missouri State Representative Jewell Patek.

Public hearings were held in: West Plains, Memphis, Springfield, Columbia, Cameron, and Sedalia. The Office of the Public Counsel (OPC) has summarized the opinions and concerns expressed during those hearings for inclusion in this report to the Commission.

Participants that were active in preparing the report include: ALLTEL, Brooks, GTE, MCI and MCImetro, Mid-Mo Group, OPC, Sprint, The Staff of the Missouri Public Service Commission (Staff), STCG and SWBT.

[1] Including minor modification to page "i" as filed on October 28, 1998 to correct participant list omission.

In its *Order Establishing Case*, the Commission specifically requested that the report contain information on: all existing expanded calling scope services in Missouri; anticipated expanded calling scope services with deadlines for implementation; and a thorough description of the technological, legal, and financial issues to be considered. Included within this report is a description of the major expanded calling scopes in Missouri, as well as exchange-specific identification of these calling scopes.

With assistance from the participants, the Staff developed the following eight questions to which active participants responded:

1. What, if any, are the legal implications of mandating an expanded calling plan for telecommunications companies?

2. What are the competitive implications of requiring a telecommunications company to offer an expanded calling plan?

3. What are the technological implications of offering an expanded calling plan?

4. What are the company cost and revenue implications of offering an expanded calling plan?

5. What are the customer impacts of offering an expanded calling plan?

6. If cost recovery and/or revenue neutrality is necessary, how should any cost recovery/revenue loss be achieved?

7. Are there additional implications to be considered when evaluating expanded calling scopes?

8. What concerns are raised by different possible expanded calling plans?

Those active participants who responded to these questions respectfully submit the following report to the Commission.

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Existing Missouri Expanded Calling Plans

Missouri currently has four significant expanded calling plans in existence:

- Metropolitan Calling Area (MCA)
- Outstate Calling Area (OCA)
- Extended Area Service (EAS)
- Community Optional Service (COS)

Metropolitan Calling Area (MCA) Service

Prior to the creation of MCA Service, Southwestern Bell Telephone Company (SWBT) offered a Wide Area Service Plan (WASP) to metropolitan exchanges around St. Louis, Kansas City and three exchanges around Springfield. However, the growth of the three metropolitan areas had expanded beyond individual company boundaries and exchange boundaries. In recognition of that growth, and to reflect the expanded community of interest of the exchanges bordering metropolitan areas, the Commission established MCA Service in Case No. TO-92-306, December 23, 1992, as a modification and expansion of the WASP service offered by SWBT. The Commission required the implementation of a flat-rate interexchange calling service.

MCA allows subscribers to purchase unlimited interexchange calling at a flat rate. MCA Service includes five tiers of exchanges radiating out from the MCA-Central exchanges in St. Louis (35 exchanges total) and Kansas City (40 exchanges total) and two tiers in the Springfield MCA (16 exchanges total). The Commission made MCA Service mandatory in MCA-Central, MCA-1, and MCA-2 in Kansas City and St. Louis and in MCA-Central and MCA-1 in Springfield. The expanded MCA service is optional in the other tiers of all MCAs. In the optional tiers, MCA Service is billed as an additive to customers' bills and is classified as local service. The Commission adopted a bill-and-keep intercompany compensation plan and support payment proposal to small local exchange companies (LECs). The support payments continue for the small LECs until the Commission issues an order to cease payments. In the optional tiers, the MCA service is configured through separate NXX central office codes in each exchange.

Separate MCA rate structures apply depending on whether the metropolitan area involves St. Louis or Kansas City versus Springfield, Missouri. These rates also vary depending on the exchange's placement in one of the five tiers of an MCA area. MCA service is provided to all customers in exchanges located in Tiers 1 and 2 while MCA service is an optional service to customers located in Tiers 3, 4 and 5. Residential one-party MCA rates range from $11.35 to $32.50 in the respective Tiers 1 and 5 of the St. Louis/Kansas City.

Outstate Calling Area (OCA) Plan

The OCA Plan, also established in Case No. TO-92-306, December 23, 1992, is an optional toll service that consists of a block of calling time between exchange central offices within a 23 mile radius of each other based upon toll rating mileage. OCA is available in two and five-hour blocks of time with a discounted per minute rate for calls exceeding the five-hour block. OCA rates for a two-hour block of time are $9.60 for residential customers and $10.80 for business customers. OCA rates for a five-hour block of time are $21.85 for residential customers with a $.07 per minute rate for each additional minute beyond five hours. Business OCA five-hour block of time rates are $24.50 with a $.08 per minute rate for each additional minute beyond five hours.

Although OCA is primarily for exchanges not included in an MCA, it is also provided in MCA-5 exchanges in St. Louis and Kansas City and MCA-2 exchanges in Springfield. This enables customers in those exchanges whose community of interest is to exchanges outside of the MCA to subscribe to an expanded calling scope plan to reach those communities of interest. OCA is only provided for calling to exchanges outside of the MCA and not for calling exchanges within the MCA. OCA is only to exchanges other than EAS exchanges. The Commission classified OCA as toll service and it is tariffed by the Primary Toll Carriers (PTCs). Intercompany compensation is through access charges.

Extended Area Service (EAS)

Local exchange companies installed a number of flat-rate EAS routes on their own initiative through the late 1960's. In 1973, the Commission created EAS standards, including a qualification process. There were subsequent revisions to the process and an EAS rule was later codified in 4 CSR 240-30.030.

Under the terms of the Commission's rules, the EAS qualification process was typically initiated by a petition from customers. The LEC then conducted a calling study. The first calling study criteria were: a) there must be an average of at least three calls per main station per month from the petitioning exchange to the target exchange and b) at least 40 percent of the customers in the petitioning exchange must make at least one toll call per month to the target exchange. These criteria were later changed to: a) there must be an average of at least six calls per main station per month from the petitioning exchange to the target exchange and b) at least two-thirds of the customers in the petitioning exchange must make two or more toll calls per month to the target exchange. If the calling study showed that the petitioning exchange met the criteria, the LEC would then conduct a cost study to identify the estimated costs of providing EAS.

A postcard vote would then be conducted among all customers within the petitioning and target exchanges. The voting criteria changed over the years. The last voting standards were that at least one-third of the customers in each exchange must vote and that at least sixty percent of those voting in each exchange must favor EAS, if EAS was to be implemented. EAS could also be voted out by customers in accordance with tariffed procedures.

The costs of providing the expanded service would be translated into proposed EAS rate increments which, if EAS were implemented, would be applied to all access lines in both the petitioning and target exchanges. The EAS increments were different between the petitioning exchange and the target exchange and the business line EAS rate increment was usually set at twice the residential increment. Rates range from zero to $8.45 for residential customers and zero to $12.65 for business customers. There are 334 Missouri exchanges participating in an EAS arrangement. The EAS clusters range from two to eight exchanges. Most encompass three or four exchanges. EAS is provided as a two-way service all but one exchange. Seventy-five exchanges have no additional charge (zero rate). The unweighted average of all EAS exchanges is $1.43 and $2.59 for residential and business customers, respectively. The median charge is $1.00 for residential customers and $1.90 for business customers.

Intercompany compensation was covered under EAS Agreements between each company. The agreements were by route and the compensation was based on the total of both companies' annual carrying charges for certain EAS intercompany trunk plant with the cost split equally between each of the involved companies. These agreements were canceled effective June 30, 1997 and the industry is in the process of developing new agreements to cover compensation for this traffic.

In 1986, the Commission opened a generic Case No. TO-86-8 to investigate all issues concerning EAS in Missouri. In its Report and Order effective April 21, 1987, the Commission stated that the then present EAS rules were largely unworkable and no longer in the public interest. Therefore, the moratorium on new EAS routes instituted during the hearings was extended and the EAS rule was rescinded.

Community Optional Service (COS)

COS is an optional intraLATA toll calling plan providing two-way unlimited calling between qualifying exchanges. COS was initially established by the Commission's December 29, 1989 decision in Case No. TO-87-131. Later, on December 23, 1992, in Case No. TO-92-306 the Commission modified the COS plan to its current form. Currently, Missouri has 159 COS routes involving 206 exchanges with approximately 17,500 COS subscribers. On October 16, 1997 in Case No. TW-97-333 the Commission determined COS should be eliminated.

COS is only offered to qualifying exchanges. A toll route could qualify for COS if subscribers from an exchange petitioned the Commission and also met a certain calling criteria from the petitioning exchange to the target exchange. The COS calling criteria changed through the years. In its most recent form, the COS calling criteria requires the petitioning exchange to average at least six calls per access line per month to the target exchange and at least two-thirds of the petitioning exchange customers must make two or more calls to the target exchange each month. If a petitioning exchange meets the calling criteria then COS would be available to petitioning exchange subscribers. COS subscribers could call toll-free to all customers located in the target exchange and exchanges with extended area service with the target exchange. Likewise, callers from the target exchange could call the COS subscriber on a toll-free basis. Depending on the exchange, COS calling was performed by dialing 1+ or on a 7-digit dialing basis. A primary toll carrier provides COS and compensates other connecting local telephone companies through payment of the connecting company's respective switched access charges.

Monthly COS rates vary depending on whether the target exchange is to the St. Louis or Kansas City metropolitan exchange, the Springfield metropolitan exchange or other rural exchanges. Residential COS rates are $16.00, $37.80 and $24.50 for rural areas, St. Louis/Kansas City metropolitan exchanges, and Springfield metropolitan exchange, respectively. Business COS rates are $33.50, $80.20 and $50.50 for rural areas, St. Louis/Kansas City metropolitan exchanges, and Springfield metropolitan exchange, respectively.

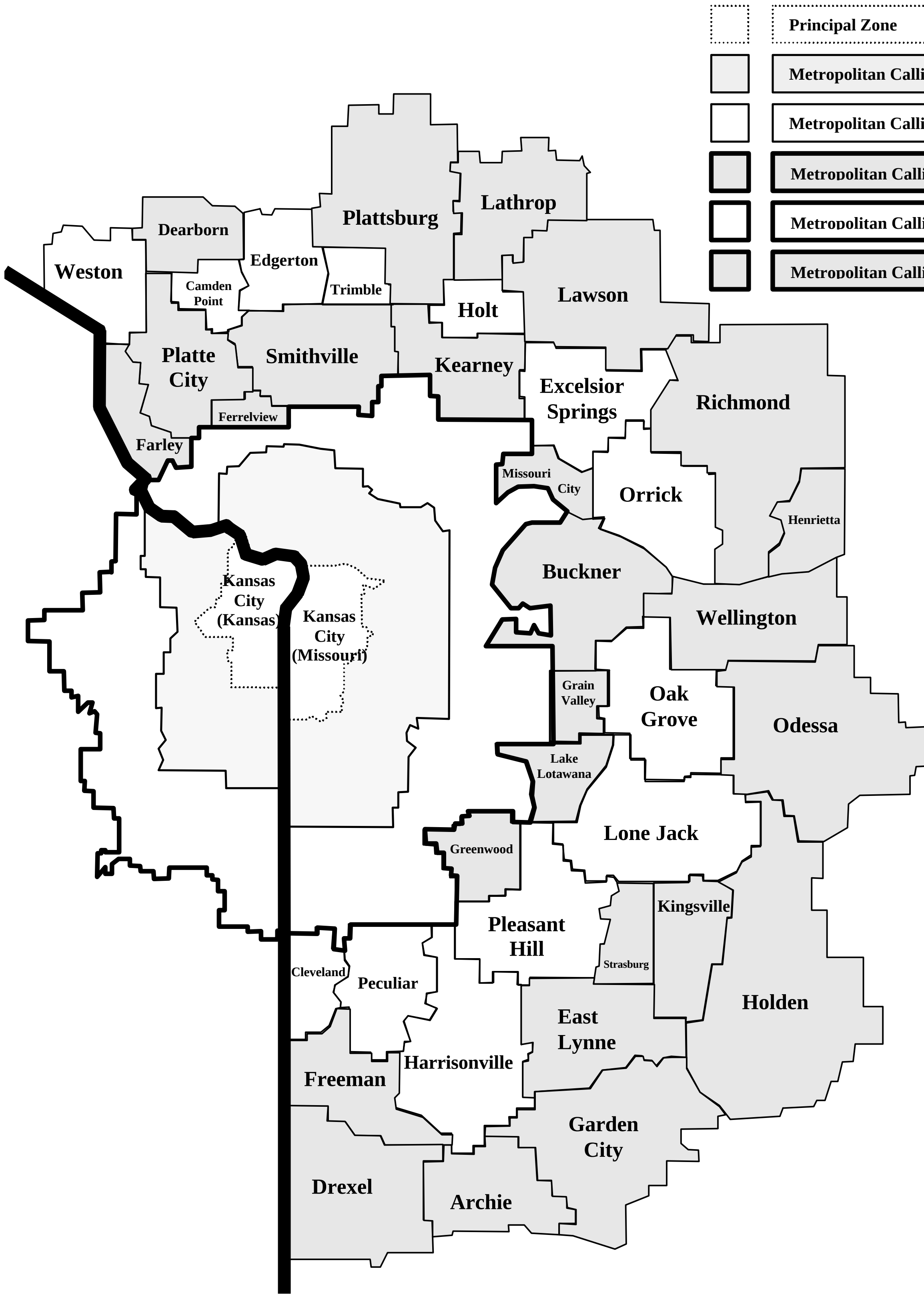
Missouri Exchanges with Expanded Calling

The following is a list of Missouri exchanges that have MCA service, EAS service and/or COS service. Also included is a list of all Missouri exchanges where MCA, EAS and/or COS service is present.

Metropolitan Calling Area (MCA)
Kansas City

	Exchange	Company
1	Archie	SWBT
2	Buckner	Sprint
3	Camden Point	Sprint
4	Cleveland	Cass County
5	Dearborn	Sprint
6	Drexel	Cass County
7	East Lynne	Cass County
8	Edgarton	Sprint
9	Excelsior Spring	SWBT
10	Farley	SWBT
11	Ferrelview	Sprint
12	Freeman	MoKan Dial
13	Garden City	Cass County
14	Grain Valley	SWBT
15	Greenwood	SWBT
16	Harrisonville	Sprint
17	Henrietta	Sprint
18	Holden	Sprint
19	Holt	Sprint
20	Kansas City	SWBT
21	Kearney	Sprint
22	Kingsville	Sprint
23	Lake Lotawana	Sprint
24	Lathrop	Lathrop
25	Lawson	GTE
26	Lone Jack	Sprint
27	Missouri City	Sprint
28	Oak Grove	Sprint
29	Odessa	Sprint
30	Orrick	Sprint
31	Peculiar	Cass County
32	Platte City	Sprint
33	Plattsburg	GTE
34	Pleasant Hill	Sprint
35	Richmond	SWBT
36	Smithville	SWBT
37	Strasburg	Sprint
38	Trimble	GTE
39	Wellington	Sprint
40	Weston	Sprint

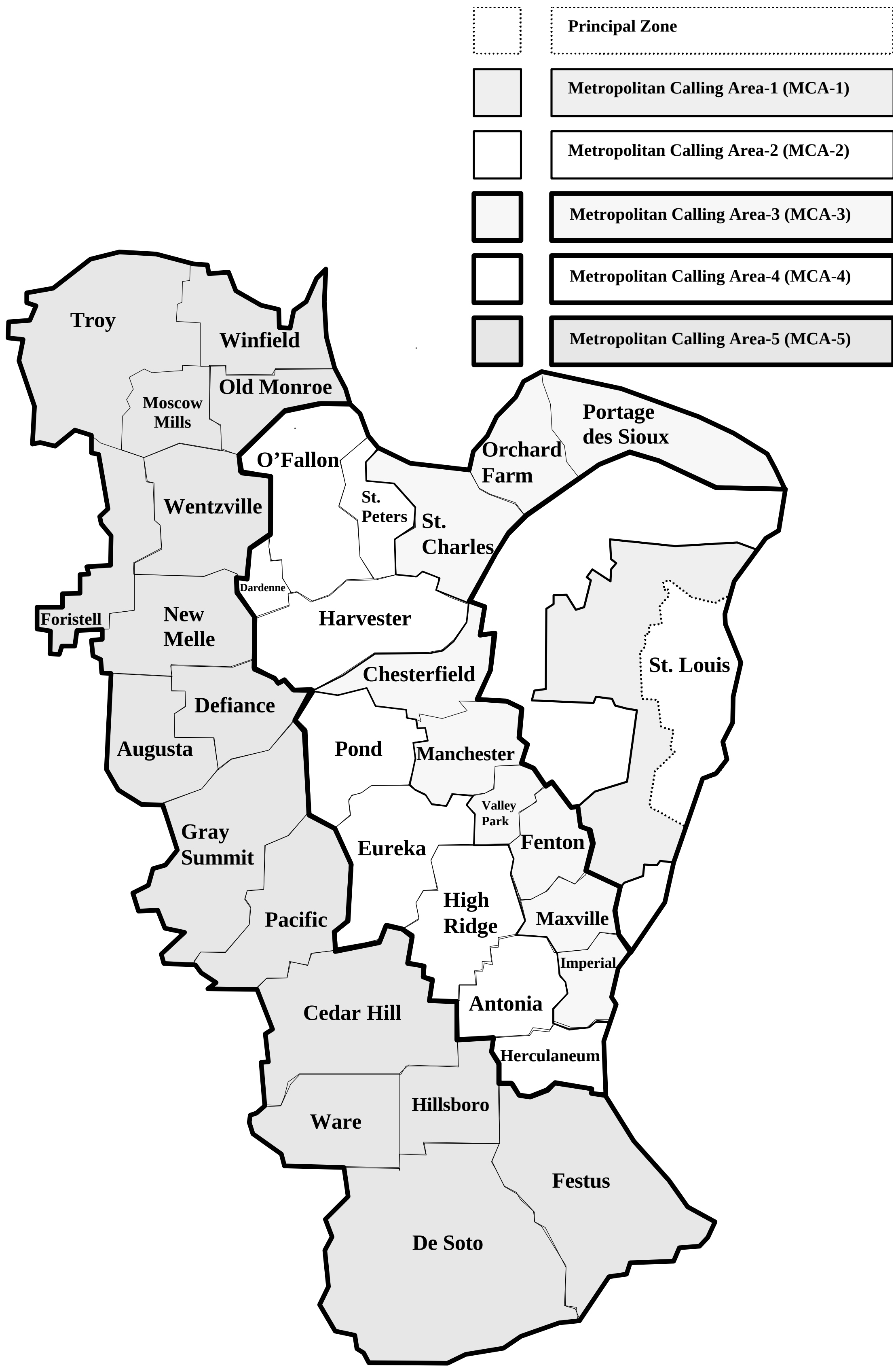
Metropolitan Calling Area (MCA)
Kansas City



Metropolitan Calling Area (MCA)
St. Louis

	Exchange	Company
1	Antonia	SWBT
2	Augusta	GTE
3	Cedar Hill	SWBT
4	Chesterfield	SWBT
5	Dardenne	GTE
6	Defiance	GTE
7	Desoto	SWBT
8	Eureka	SWBT
9	Fenton	SWBT
10	Festus-Crystal City	SWBT
11	Foristell	GTE
12	Gray Summit	SWBT
13	Harvester	SWBT
14	Herculaneum-Pevely	SWBT
15	High Ridge	SWBT
16	Hillsboro	SWBT
17	Imperial	SWBT
18	Manchester	SWBT
19	Maxville	SWBT
20	Moscow Mills	GTE
21	New Melle	GTE
22	O'Fallon	GTE
23	Old Monroe	GTE
24	Orchard Farm	Orchard Farm
25	Pacific	SWBT
26	Pond	SWBT
27	Portage Des Sioux	SWBT
28	St. Charles	SWBT
29	St. Louis	SWBT
30	St. Peters	GTE
31	Troy	GTE
32	Valley Park	SWBT
33	Ware	SWBT
34	Wentzville	GTE
35	Winfield	GTE

Metropolitan Calling Area (MCA)
St. Louis



Metropolitan Calling Area (MCA)
Springfield

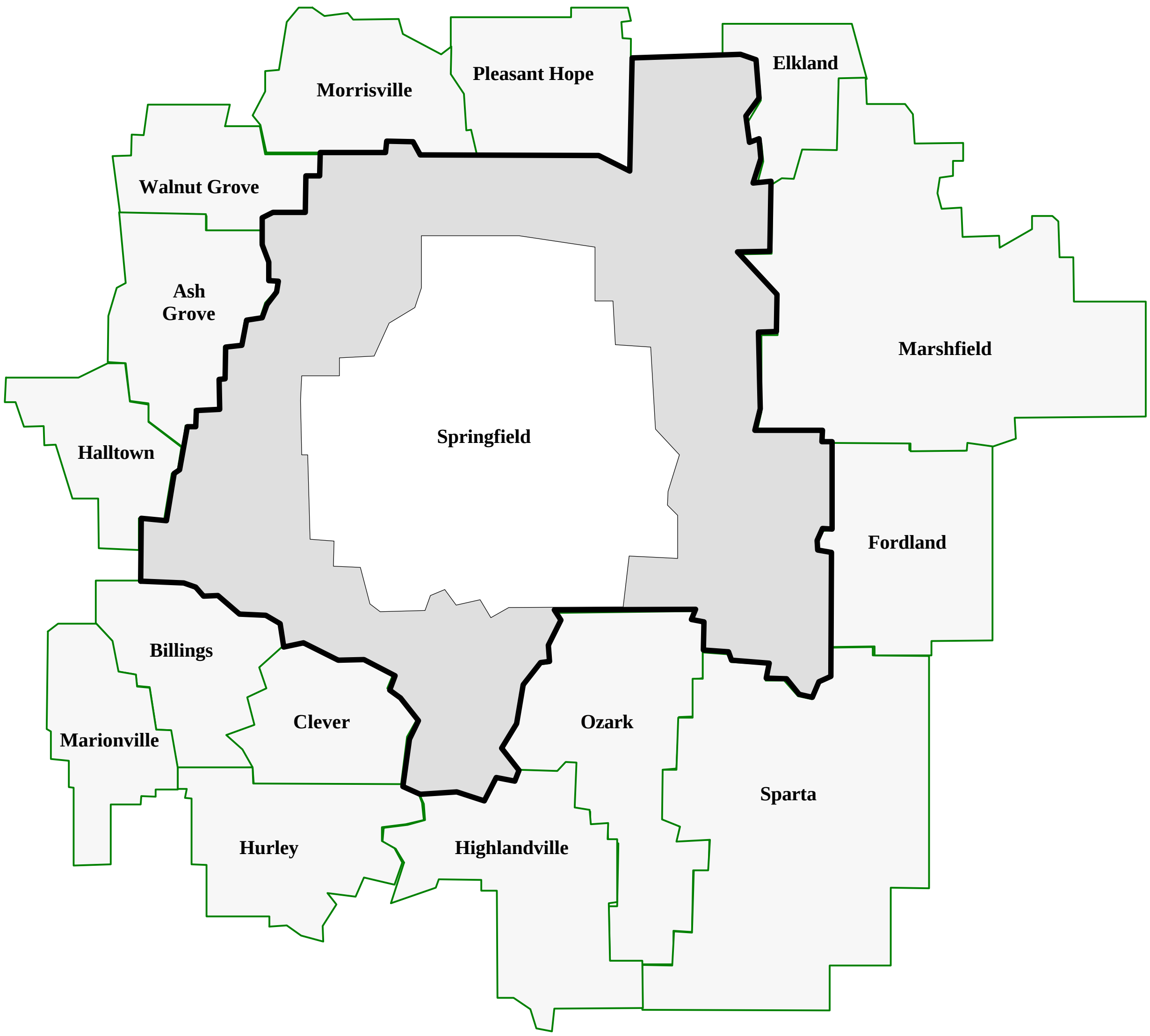
	Exchange	Company
1	Ash Grove	SWBT
2	Billings	SWBT
3	Clever	SWBT
4	Elkland	GTE
5	Fordland	GTE
6	Halltown	Choctaw
7	Highlandville	GTE
8	Hurley	GTE
9	Marionville	SWBT
10	Marshfield	GTE
11	Morrisville	ALLTEL
12	Ozark	GTE
13	Pleasant Hope	ALLTEL
14	Sparta	GTE
15	Springfield	SWBT
16	Walnut Grove	SWBT

Metropolitan Calling Area (MCA)
Springfield

Principal Zone

Metropolitan Calling Area-1 (MCA-1)

Metropolitan Calling Area-2 (MCA-2)



Extended Area Service (EAS)

	Exchange	Company	EAS Points
1	Adrian	SWBT	Archie
2	Advance	SWBT	Bell City
3	Agency	SWBT	St. Joseph
4	Aldrich	ALLTEL	Bolivar, Fair Play, Halfway, Morrisville, Pleasant Hope, Polk
5	Allendale	ALLTEL	Grant City
6	Altenburg-Frohna	SWBT	Pocahontas-New Wells
7	Alton	GTE	Thomasville
8	Amazonia	GTE	Savannah
9	Amoret	Craw-Kan	Amsterdam
10	Amsterdam	Craw-Kan	Amoret
11	Antonia	SWBT	Cedar Hill, Herculaneum-Pevely, High Ridge, Hillsboro, Imperial, Maxville
12	Arbela	Northeast MO	Memphis
13	Archie	SWBT	Adrian
14	Arcola	GTE	Greenfield
15	Armstrong	SWBT	Fayette, Glasgow
16	Arrow Rock	Mid-Missouri	Blackwater, Nelson
17	Ashland	GTE	Columbia
18	Auxvasse	Kingdom	Hatton, Williamsburg
19	Avenue City	GTE	Cosby, Helena, Savannah
20	Barnard	Grand River	Graham
21	Bell City	SWBT	Advance, Oran
22	Bellflower	ALLTEL	Montgomery City
23	Benton	SWBT	Chaffee, Oran, Scott City
24	Bethany	Grand River	Cainesville, Eagleville, Gilman City, Mt. Moriah, New Hampton, Ridgeway, Washington Ctr.
25	Bevier	Chariton Valley	Callao
26	Big Spring	Kingdom	Rhineland
27	Billings	SWBT	Clever, Republic
28	Bismark	SWBT	Flat River, Leadwood
29	Blackwater	Mid-Missouri	Arrow Rock, Nelson
30	Bloomfield	SWBT	Dexter, Essex
31	Bloomsdale	SWBT	Ste. Genevieve
32	Bolckow	GTE	Rosendale, Savannah, Whitesville
33	Bolivar	ALLTEL	Aldrich, Fair Play, Halfway, Morrisville, Pleasant Hope, Polk
34	Bonne Terre	SWBT	Flat River, Leadwood
35	Boonville	SWBT	New Franklin
36	Braddyville	GTE	Clarinda, IA
37	Bradleyville	GTE	Forsyth

Extended Area Service (EAS)

	Exchange	Company	EAS Points
38	Branson	GTE	Branson West
39	Branson West	GTE	Branson
40	Brazito	Sprint	Centertown, Eugene, Jefferson City, New Bloomfield, Russelville, St. Thomas, Taos
41	Brimson	Grand River	Trenton
42	Brock	Northeast MO	Memphis
43	Browning	Grand River	Linneus
44	Bunceton	Mid-Missouri	Speed
45	Burlington Junction	Iamo	Elmo, Clearmont
46	Bynumville	Chariton Valley	Salisbury, Prairie Hill
47	Cainsville	Grand River	Bethany
48	Callao	Chariton Valley	Bevier
49	Camdenton	SWBT	Gravois Mills, Lake Ozark-Osage Beach
50	Cameron	GTE	Kidder
51	Cape Girardeau	SWBT	Jackson, Scott City, McClure, IL
52	Cardwell	SWBT	Hornersville, Senath
53	Carl Junction	SWBT	Joplin, Webb City
54	Caruthersville	SWBT	Deering, Hayti
55	Cassville	GTE	Exeter, Jenkins, Mano, Washburn
56	Caufield	GTE	Gainesville
57	Cedar Creek	GTE	Forsyth
58	Cedar Hill	SWBT	Antonia, High Ridge, Hillsboro
59	Centertown	Sprint	Brazito, Eugene, Jefferson City, New Bloomfield, Russelville, St. Thomas, Taos
60	Centerview	Sprint	Warrensburg
61	Centralia	GTE	Clark, Sturgeon
62	Chaffee	SWBT	Benton, Delta, Oran, Scott City
63	Charleston	SWBT	East Prairie, Wyatt
64	Cherryville	Steelville	Steelville, Huzzah, Viburnum
65	Chesterfield	SWBT	Manchester, Harvester, Pond, Creve Coeur (St. Louis Met)
66	Clark	GTE	Centralia, Sturgeon
67	Clarksville	SWBT	Louisiana, Paynesville
68	Clearmont	Iamo	Elmo, Burlington Jct.
69	Clever	SWBT	Billings, Nixa, Republic
70	Clinton	Sprint	Coal
71	Coal	Sprint	Clinton
72	Coffey	ALLTEL	Gallatin, Jameson, Pattonsburg, Winston
73	Cole Camp	Sprint	Ionia
74	Columbia	GTE	Ashland, Hallsville, Rocheport

Extended Area Service (EAS)

	Exchange	Company	EAS Points
75	Cosby	GTE	Avenue City, Helena, Savannah
76	Dalton	GTE	Keytesville
77	Dawn	Green Hills	Ludlow
78	Deering	SWBT	Caruthersville, Hayti, Kennett
79	Dekalb	SWBT	Rushville, St. Joseph
80	Delta	SWBT	Chaffee, Oran
81	Denver	Grand River	Gentry
82	Desoto	SWBT	Festus-Crystal City, Hillsboro, Ware
83	Dexter	SWBT	Bloomfield, Essex
84	Doniphan	ALLTEL	Fairdealing, Grandin, Oxly, Ponder
85	Dora	GTE	Gainesville
86	Eagleville	Grand River	Bethany
87	East Prarie	SWBT	Charleston
88	Easton	GTE	Gower
89	Eldon	SWBT	Lake Ozark-Osage Beach, Tuscumbia
90	Eldorado Springs	GTE	Schell City, Walker
91	Eldridge	Stoutland	Stoutland
92	Elkland	GTE	Marshfield
93	Elmer	GTE	La Plata
94	Elmo	Iamo	Burlington Jct., Clearmont
95	Elsberry	SWBT	Paynesville
96	Essex	SWBT	Dexter, Bloomfield
97	Eugene	Sprint	Brazito, Centertown, Jefferson City, New Bloomfield, Russelville, St. Thomas, Taos
98	Eureka	SWBT	High Ridge, Manchester, Pacific, Pond, Valley Park
99	Exeter	GTE	Cassville, Washburn
100	Fair Play	ALLTEL	Aldrich, Bolivar, Halfway, Morrisville, Pleasant Hope, Polk
101	Fairdealing	ALLTEL	Doniphan, Grandin, Oxly, Ponder
102	Fairview	ALLTEL	Purdy, Stark City, Wheaton
103	Farmington	SWBT	Flat River
104	Fayette	SWBT	Armstrong, Glasgow, New Franklin
105	Fenton	SWBT	Maxville, Valley Park, High Ridge, Kirkwood & Sappington (St. Louis Met)
106	Ferrelview	Sprint	Kansas City Metro (SWBT), Platte City
107	Festus-Crystal City	SWBT	DeSoto, Herculaneum-Pevely, Hillsboro
108	Fillmore	GTE	Rosendale, Savannah
109	Fisk	SWBT	Poplar Bluff
110	Flat River	SWBT	Bismarck, Bonne Terre, Farmington, Leadwood
111	Foley	GTE	Old Monroe, Winfield
112	Foristell	GTE	Wright City

Extended Area Service (EAS)

	Exchange	Company	EAS Points
113	Forsyth	GTE	Bradleyville, Cedar Creek, Protem
114	Fortuna	Mid-Missouri	Latham, High Point
115	Foster	Craw-Kan	Hume
116	Ft. Leonard Wood	Sprint	St. Robert, Waynesville
117	Gainesville	GTE	Caulfield, Dora, Theodosia, Wasola
118	Gallatin	ALLTEL	Coffey, Jameson, Pattonsburg, Winston
119	Galt	Grand River	Trenton
120	Gentry	Grand River	Denver
121	Gideon	SWBT	Malden, Risco
122	Gilman City	Grand River	Bethany
123	Glasgow	SWBT	Armstrong, Fayette
124	Gower	GTE	Easton, Plattsburg
125	Graham	Grand River	Bernard-Guilford
126	Grain Valley	SWBT	Blue Spring (KC Met)
127	Grandin	ALLTEL	Doniphan, Fairdealing, Oxly, Ponder
128	Grant City	ALLTEL	Allendale
129	Gravois Mills	SWBT	Camdenton, Lake Ozark-Osage Beach. Versailles
130	Gray Summit	SWBT	Pacific, Union
131	Greenfield	GTE	Arcola
132	Greentop	Mark Twain	Queen City
133	Greenwood	SWBT	Belton & Lee's Summit (KC Met)
134	Grovespring	GTE	Hartville, Manes
135	Halfway	ALLTEL	Aldrich, Bolivar, Fair Play, Morrisville, Pleasant Hope, Polk
136	Hallsville	GTE	Columbia
137	Hamilton	GTE	Kidder, Kingston
138	Hartville	GTE	Grovespring, Manes
139	Harvester	SWBT	Chesterfield, Pond, St. Charles, St. Peters
140	Hatton	Kingdom	Auxvasse, Williamsburg
141	Hawk Point	GTE	Troy
142	Hayti	SWBT	Caruthersville, Deering, Wardell
143	Helena	GTE	Avenue City, Cosby, Savannah
144	Herculaneum-Pevely	SWBT	Antonia, Festus-Crystal City, Imperial
145	Higbee	SWBT	Moberly
146	High Point	Mid-Missouri	Fortuna, Latham
147	High Ridge	SWBT	Antonia, Cedar Hill, Eureka, Fenton, Maxville, Valley Park
148	Highlandville	GTE	Ozark
149	Hillsboro	SWBT	Antonia, Cedar Hill, DeSoto, Festus-Crystal City, Ware
150	Holcomb	SWBT	Kennett

Extended Area Service (EAS)

	Exchange	Company	EAS Points
151	Holden	Sprint	Kingsville
152	Holliday	ALLTEL	Madison
153	Hornersville	SWBT	Cardwell, Senath
154	Houston	GTE	Raymondville, Roby
155	Hume	Craw-Kan	Foster
156	Huzzah	Steelville	Steelville, Cherryville
157	Imperial	SWBT	Antonia, Herculaneum-Pevely, Maxville
158	Ionia	Sprint	Cole Camp
159	Jackson	SWBT	Cape Girardeau, Oak Ridge, Pocahontas-New Wells, McClure,IL
160	Jameson	ALLTEL	Coffey, Gallatin, Pattonsburg, Winston
161	Jane	McDonald County	Pineville
162	Jefferson City	Sprint	Brazito, Centertown, Eugene, New Bloomfield, Russelville, St. Thomas, Taos
163	Jenkins	GTE	Cassville
164	Joplin	SWBT	Carl Jct., Webb City
165	Kahoka	GTE	Luray, Revere, Wayland
166	Kennett	SWBT	Deering, Holcomb, Senath
167	Keytesville	GTE	Dalton
168	Kidder	GTE	Cameron, Hamilton
169	Kingston	GTE	Hamilton
170	Kingsville	Sprint	Holden
171	Knox City	Mark Twain	Newark
172	Koshkonong	GTE	Thayer
173	La Plata	GTE	Elmer
174	Lake Lotawana	Sprint	Lee's Summit (SWBT), Blue Springs (SWBT)
175	Lake Ozark - Osage Beach	SWBT	Camdenton, Eldon, Gravois Mills, Tuscumbia
176	Laredo	Grand River	Trenton
177	Latham	Mid-Mo	Fortuna, High Point
178	Leadwood	SWBT	Bismarck, Bonne Terre, Flat River
179	Lemons	Northeast MO	Unionville
180	Lilbourn	SWBT	Marston, New Madrid
181	Linneus	Grand River	Browning, Meadville, Purdin
182	Louisiana	SWBT	Clarksville
183	Lucerne	Grand River	Newtown-Harris, Powersville
184	Ludlow	Green Hills	Dawn
185	Luray	Northeast MO	Kahoka
186	Madison	ALLTEL	Holliday
187	Malden	SWBT	Gideon, Risco
188	Manchester	SWBT	Chesterfield, Eureka, Pond, Valley Park, Creve Coeur & Kirkwood (St. Louis Met)

Extended Area Service (EAS)

	Exchange	Company	EAS Points
189	Manes	GTE	Grovespring, Hartville
190	Mano	GTE	Cassville
191	Marshfield	GTE	Elkland
192	Marston	SWBT	Lilbourn, New Madrid, Portageville
193	Maryville	Sprint	Pickering
194	Maxville	SWBT	Antonia, Fenton, High Ridge, Imperial, Mehlville & Oakville & Sappington (St. Louis Met)
195	Meadville	Grand River	Linneus
196	Memphis	Modern	Arbela, Brock, Tobin Creek
197	Mendon	ALLTEL	Rothville, Sumner
198	Mercer	Grand River	Princeton
199	Middletown	ALLTEL	New Hartford
200	Milo	GTE	Nevada (SWBT), Sheldon
201	Moberly	SWBT	Higbee
202	Mokane	Kingdom	Tebbets
203	Monett	SWBT	Pierce City
204	Montgomery City	SWBT	Bellflower
205	Morehouse	SWBT	Sikeston
206	Morrisville	ALLTEL	Aldrich, Bolivar, Fair Play, Halfway, Pleasant Hope, Polk
207	Moscow Mills	GTE	Troy
208	Mt. Moriah	Grand River	Bethany
209	Naylor	ALLTEL	Neelyville
210	Neelyville	ALLTEL	Naylor
211	Nelson	Mid-Mo	Arrow Rock, Blackwater
212	Nevada	SWBT	Milo
213	New Bloomfield	Sprint	Brazito, Centertown, Eugene, Jefferson City, Russelville, St. Thomas, Taos
214	New Franklin	SWBT	Boonville, Fayette
215	New Hampton	Grand River	Bethany
216	New Hartford	ALLTEL	Middletown
217	New Madrid	SWBT	Lilbourn, Marston
218	Newark	Mark Twain	Knox City
219	Norborne	Sprint	Stet
220	Oak Ridge	SWBT	Jackson, Pocahontas-New Wells
221	Old Appleton	SWBT	Perryville
222	Old Monroe	GTE	Foley, Winfield
223	Olney	ALLTEL	Silex
224	Oran	SWBT	Bell City, Benton, Chaffee, Delta
225	Oxly	ALLTEL	Doniphan, Fairdealing, Grandin, Ponder
226	Ozark	GTE	Highlandville
227	Pacific	SWBT	Gray Summit, Eureka, Pond

Extended Area Service (EAS)

	Exchange	Company	EAS Points
228	Parnell	Grand River	Ravenwood
229	Patterson	ALLTEL	Piedmont
230	Pattonsburg	ALLTEL	Coffey, Gallatin, Jameson, Winston
231	Paynesville	SWBT	Clarksville, Elsberry
232	Perryville	SWBT	Old Appleton, St. Marys, Kaskaskia, IL
233	Pickering	Sprint	Maryville
234	Piedmont	ALLTEL	Patterson
235	Pierce City	SWBT	Monett
236	Pineville	McDonald County	Jane
237	Platte City	Sprint	Ferrelview
238	Plattsburg	GTE	Gower, Trimble, Turney
239	Pleasant Hope	ALLTEL	Aldrich, Bolivar, Fair Play, Halfway, Morrisville, Polk
240	Pocohontas-New Wells	SWBT	Altenburg-Frohna, Jackson, Oak Ridge
241	Polk	ALLTEL	Aldrich, Bolivar, Fair Play, Halfway, Morrisville, Pleasant Hope
242	Pond	SWBT	Chesterfield, Eureka, Harvester, Manchester, Pacific
243	Ponder	ALLTEL	Doniphan, Fairdealing, Grandin, Oxly
244	Poplar Bluff	SWBT	Fisk, Qulin
245	Portageville	SWBT	Marston
246	Powersville	Grand River	Lucerne
247	Prairie Hill	Chariton Valley	Salisbury, Bynumville
248	Princeton	Grand River	Mercer
249	Protem	GTE	Forsyth
250	Purdin	Grand River	Linneus
251	Purdy	ALLTEL	Fairview, Stark City, Wheaton
252	Queen City	Modern	Greentop
253	Qulin	SWBT	Poplar Bluff
254	Ravenwood	Grand River	Parnell
255	Raymondville	GTE	Houston
256	Revere	GTE	Kahoka
257	Rhineland	Kingdom	Big Spring
258	Ridgeway	Grand River	Bethany
259	Risco	SWBT	Gideon, Malden
260	Roby	GTE	Houston
261	Rocheport	GTE	Columbia
262	Rock Port	Rock Port	Watson
263	Rockville	GTE	Schell City
264	Rosendale	GTE	Bolckow, Fillmore, Savannah, Whitesville
265	Rothville	ALLTEL	Mendon

Extended Area Service (EAS)

	Exchange	Company	EAS Points
266	Rushville	SWBT	DeKalb, St. Joseph
267	Russelville	Sprint	Brazito, Centertown, Eugene, Jefferson City, New Bloomfield, St. Thomas, Taos
268	Safe	GTE	St.James
269	Salisbury	Chariton Valley	Bynumville, Prairie Hill
270	San Antonio	SWBT	St. Joseph
271	Savannah	GTE	Amazonia, Avenue City, Bolckow, Cosby, Fillmore, Helena, Rosendale, Whitesville
272	Schell City	GTE	Whitesville, Eldorado Springs, Rockville, Walker
273	Scott City	SWBT	Benton, Cape Girardeau, Chaffee, McClure, IL
274	Senath	SWBT	Cardwell, Hornersville, Kennett
275	Seneca	Seneca	Tiff City
276	Sheldon	GTE	Milo
277	Sheridan	Grand River	Blockton
278	Sikeston	SWBT	Morehouse
279	Silex	ALLTEL	Olney
280	Smithville	SWBT	Ferrellview, Liberty & Nashua (KC Met)
281	Speed	Mid Mo	Bunceton
282	Spickard	Grand River	Trenton
283	St. Charles	SWBT	Harvester
284	St. Joseph	SWBT	Agency, DeKalb, Rushville, San Antonio
285	St. Marys	SWBT	Perryville, Ste. Genevieve, Kaskaskia, IL
286	St. James	GTE	Safe
287	St. Peters	GTE	Harvester
288	St. Robert	Sprint	Ft. Leonard Wood, Waynesville
289	St. Thomas	Sprint	Brazito, Centertown, Eugene, Jefferson City, New Bloomfield, Russelville, Taos
290	Stark City	ALLTEL	Fairview, Purdy, Wheaton
291	Ste. Genevieve	SWBT	Bloomsdale, St. Marys, Kaskaskia, IL
292	Steelville	Steelville	Cherryville, Huzzah
293	Stet	Green Hills	Norborne
294	Stoutland	Stoutland	Eldridge
295	Sturgeon	GTE	Centralia, Clark
296	Sumner	ALLTEL	Mendon
297	Taos	Sprint	Brazito, Centertown, Eugene, Jefferson City, New Bloomfield, Russelville, St. Thomas
298	Tebbetts	Kingdom	Mokane (1-way to Jefferson City)
299	Thayer	GTE	Koshkonong, MammothSprings, AR
300	Theodosia	GTE	Gainesville, Wasola
301	Thomasville	GTE	Alton
302	Tiff City	Seneca	Seneca
303	Tobin Creek	Northeast MO	Memphis

Extended Area Service (EAS)

	Exchange	Company	EAS Points
304	Trenton	SWBT	Brimson, Galt, Laredo, Spickard
305	Trimble	GTE	Plattsburg
306	Troy	GTE	Hawk Point, Moscow Mills
307	Turney	GTE	Plattsburg
308	Tuscumbia	SWBT	Eldon, Lake Ozark-Osage Beach
309	Union	SWBT	Gray Summit
310	Unionville	Modern	Lemons
311	Urich	Sprint	Clinton, Coal
312	Valley Park	SWBT	Fenton, Eureka, High Ridge, Manchester, Kirkwood (St. Louis Met)
313	Versailles	SWBT	Gravois Mills
314	Viburnum	Steelville	Cherryville
315	Walker	GTE	Eldorado Springs, Schell City
316	Wardell	SWBT	Hayti
317	Ware	SWBT	DeSoto, Cedar Hill, Hillsboro
318	Warrensburg	Sprint	Centerview
319	Washburn	GTE	Cassville, Exeter
320	Washington Ctr	Grand River	Bethany
321	Wasola	GTE	Gainesville, Theodosia
322	Watson	Rock Port	Rockport
323	Wayland	GTE	Kahoka
324	Waynesville	Sprint	Ft. Leonard Wood, St. Robert
325	Webb City	SWBT	Carl Junction, Joplin
326	West Quincy	GTE	Quincy, IL
327	Westboro	Iamo	Coin, IA, Northboro, IA
328	Wheaton	ALLTEL	Fairview, Purdy, Stark City
329	Whitesville	GTE	Bolckow, Rosendale, Savannah
330	Williamsburg	Kingdom	Auxvasse, Hatton
331	Winfield	GTE	Foley, Old Monroe
332	Winston	ALLTEL	Coffey, Gallatin, Jameson, Pattonsburg
333	Wright City	GTE	Foristell
334	Wyatt	SWBT	Charleston

Community Optional Service (COS) Routes

Petitioning Exchange	Company	Target Exchange	Company
Aldrich	ALLTEL	Springfield	SWBT
Fairdealing	ALLTEL	Poplar Bluff	SWBT
Florence	ALLTEL	Sedalia	SWBT
Halfway	ALLTEL	Springfield	SWBT
Holliday	ALLTEL	Paris	GTE
Laclede	ALLTEL	Brookfield	SWBT
Martinsburg	ALLTEL	Mexico	SWBT
Myrtle	ALLTEL	Thayer	GTE
Naylor	ALLTEL	Poplar Bluff	SWBT
Neelyville	ALLTEL	Poplar Bluff	SWBT
New Hartford	ALLTEL	Bowling Green	SWBT
Stotts City	ALLTEL	Mt. Vernon	GTE
Union Star	ALLTEL	St. Joseph	SWBT
Verona	ALLTEL	Aurora	GTE
Williamsville	ALLTEL	Poplar Bluff	SWBT
Bernie	BPS	Dexter	SWBT
Creighton	Cass County	Kansas City	SWBT
Huntsville	Chariton Valley	Moberly	SWBT
Jacksonville	Chariton Valley	Moberly	SWBT
Asbury	Craw-Kan	Joplin	SWBT
Purcell	Craw-Kan	Joplin	SWBT
Goodman	Goodman	Neosho	SWBT
Chula	Grand River	Chillicothe	SWBT
Conception Jnct.	Grand River	Maryville	Sprint
Lucerne	Grand River	Unionville	Modern
Meadville	Grand River	Chillicothe	SWBT
Avalon	Green Hills	Chillicothe	SWBT
Bogard	Green Hills	Carrollton	SWBT
Cowgill	Green Hills	Kansas City	SWBT
Dawn	Green Hills	Chillicothe	SWBT
Knoxville	Green Hills	Kansas City	SWBT
Ludlow	Green Hills	Chillicothe	SWBT
Mooresville	Green Hills	Chillicothe	SWBT
Polo	Green Hills	Kansas City	SWBT
Tina	Green Hills	Chillicothe	SWBT
Tina	Green Hills	Carrollton	SWBT
Wheeling	Green Hills	Chillicothe	SWBT
Amazonia	GTE	St. Joseph	SWBT

Community Optional Service (COS) Routes

Petitioning Exchange	Company	Target Exchange	Company
Augusta	GTE	Washington	SWBT
Avenue City	GTE	St. Joseph	SWBT
Avilla	GTE	Carthage	SWBT
Belleview	GTE	Ironton	GTE
Bland	GTE	Owensville	Fidelity
Bourbon	GTE	Sullivan	Fidelity
Branson	GTE	Springfield	SWBT
Branson West	GTE	Springfield	SWBT
Bronaugh	GTE	Nevada	SWBT
Buffalo	GTE	Springfield	SWBT
Cabool	GTE	Houston	GTE
Caledonia	GTE	Potosi	GTE
Caulfield	GTE	West Plains	GTE
Centralia	GTE	Columbia	GTE
Clark	GTE	Columbia	GTE
Clarksdale	GTE	St. Joseph	SWBT
Conway	GTE	Lebanon	Sprint
Conway	GTE	Springfield	SWBT
Cosby	GTE	St. Joseph	SWBT
Crane	GTE	Springfield	SWBT
Dora	GTE	West Plains	GTE
Easton	GTE	St. Joseph	SWBT
Edgar Springs	GTE	Rolla	Sprint
Ellsinore	GTE	Poplar Bluff	SWBT
Everton	GTE	Springfield	SWBT
Fillmore	GTE	St. Joseph	SWBT
Foley	GTE	St. Louis	SWBT
Forsyth	GTE	Branson	GTE
Fremont	GTE	Van Buren	GTE
Galena	GTE	Springfield	SWBT
Gower	GTE	St. Joseph	SWBT
Grovespring	GTE	Lebanon	Sprint
Helena	GTE	St. Joseph	SWBT
Houston	GTE	Cabool	GTE
Hunnewell	GTE	Monroe City	GTE
Irondale	GTE	Flat River	SWBT
Jenkins	GTE	Aurora	GTE
Jonesburg	GTE	Warrenton	GTE

Community Optional Service (COS) Routes

Petitioning Exchange	Company	Target Exchange	Company
Koshkonong	GTE	West Plains	GTE
La Plata	GTE	Kirksville	SWBT
Laddonia	GTE	Mexico	SWB
Leasburg	GTE	Buffalo	GTE
Louisburg	GTE	Buffalo	GTE
Marthasville	GTE	Washington	SWBT
Nebo	GTE	Lebanon	Sprint
Niangua	GTE	Marshfield	GTE
Niangua	GTE	Springfield	SWBT
Norwood	GTE	Mountain Grove	GTE
Reeds Spring	GTE	Branson	GTE
Reeds Spring	GTE	Springfield	SWBT
Rockaway Beach	GTE	Branson	GTE
Rosendale	GTE	St. Joseph	SWBT
St. James	GTE	Rolla	Sprint
Savannah	GTE	St. Joseph	SWBT
Seymour	GTE	Springfield	SWBT
Shelbyville	GTE	Shelbina	GTE
Sheldon	GTE	Nevada	SWBT
Sturgeon	GTE	Columbia	GTE
Thomasville	GTE	West Plains	GTE
Timber	GTE	Salem	Sprint
Vanzant	GTE	Mtn. Grove	GTE
Vichy	GTE	Rolla	Sprint
Walker	GTE	Nevada	SWBT
Warrenton	GTE	Foristell	GTE
Wasola	GTE	Ava	GTE
Auxvasse	Kingdom	Fulton	SWBT
Ausvasse	Kingdom	Mexico	SWBT
Rhineland	Kingdom	Hermann	GTE
Metz	KLM	Nevada	SWBT
Richards	KLM	Nevada	SWBT
Baring	Mark Twain	Edina	SWBT
Brashear	Mark Twain	Kirksville	SWBT
Greentop	Mark Twain	Kirksville	SWBT
Hurdland	Mark Twain	Edina	SWBT
Hurdland	Mark Twain	Kirksville	SWBT
Knox City	Mark Twain	Edina	SWBT

Community Optional Service (COS) Routes

Petitioning Exchange	Company	Target Exchange	Company
Novelty	Mark Twain	Edina	SWBT
Philadelphia	Mark Twain	Palmyra	GTE
Arrow Rock	Mid-MO	Marshall	SWBT
Gilliam	Mid-MO.	Marshall	SWBT
Gilliam	Mid-MO.	Slater	SWBT
Marshall Junction	Mid-MO.	Marshall	SWBT
Marshall Junction	Mid-MO.	Sedalia	SWBT
Miami	Mid-MO.	Marshall	SWBT
Nelson	Mid-MO.	Marshall	SWBT
Pilot Grove	Mid-MO.	Boonville	SWBT
Speed	Mid-MO.	Boonville	SWBT
Queen City	Modern Tel.	Kirksville	SWBT
New Florence	New Florance	Montgomery City	SWBT
New London	New London	Hannibal	SWBT
Green City	NE MO	Kirksville	SWBT
Novinger	NE MO	Kirksville	SWBT
Omaha	NE MO	Unionville	MODERN
Pollock	NE MO	Milan	ALLTEL
Peace Valley	Peace Valley	West Plains	GTE
Argyle	SWBT	Jefferson City	Sprint
Carthage	SWBT	Joplin	SWBT
Center	SWBT	Hannibal	SWBT
Frankford	SWBT	Bowling Green	SWBT
Freeburg	SWBT	Jefferson City	Sprint
Knob Noster	SWBT	Warrensburg	Sprint
LaMonte	SWBT	Sedalia	SWBT
Linn	SWBT	Jefferson City	Sprint
Macks Creek	SWBT	Camdenton	SWBT
Meta	SWBT	Jefferson City	Sprint
Union	SWBT	Washington	SWBT
Westphalia	SWBT	Jefferson City	Sprint
Stoutland	Stoutland	Lebanon	Sprint
Eldridge	Stoutland	Lebanon	Sprint
Deepwater	Sprint	Clinton	Sprint
Newburg	Sprint	Rolla	Sprint
Clarksburg	Sprint	California	Sprint
Green Ridge	Sprint	Sedalia	SWBT
Hopkins	Sprint	Maryville	Sprint

Community Optional Service (COS) Routes

Petitioning Exchange	Company	Target Exchange	Company
Houstonia	Sprint	Sedalia	SWBT
Hardin	Sprint	Richmond	SWBT
Urich	Sprint	Clinton	Sprint
Ionia	Sprint	Sedalia	SWBT
Smithton	Sprint	Sedalia	SWBT
Otterville	Sprint	Sedalia	SWBT
Lexington	Sprint	Kansas City	SWBT

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
1	Adrian	SWBT	Yes	Yes - P	
2	Advance	SWBT	Yes		
3	Agency	SWBT	Yes		
4	Albany	ALLTEL			
5	Aldrich	ALLTEL	Yes		
6	Allendale	ALLTEL	Yes		
7	Alma	Alma			
8	Altenburg-Frohna	SWBT	Yes		
9	Alton	GTE	Yes		
10	Amazonia	GTE	Yes	Yes - P	
11	Amoret	Craw-Kan	Yes		
12	Amsterdam	Craw-Kan	Yes		
13	Anderson	McDonald County			
14	Annapolis	GTE			
15	Antonia	SWBT	Yes		St. Louis
16	Appleton City	Sprint			
17	Arbela	Northeast MO	Yes		
18	Archie	SWBT	Yes		KC
19	Arcola	GTE	Yes		
20	Argyle	SWBT		Yes - P	
21	Armstrong	SWBT	Yes		
22	Arrow Rock	Mid-Missouri	Yes	Yes - P	
23	Asbury	Craw-Kan		Yes - P	
24	Ash Grove	SWBT			Springfield
25	Ashland	GTE	Yes		
26	Atlanta	Chariton Valley			
27	Augusta	GTE		Yes - P	St. Louis
28	Aurora	GTE		Yes - T	
29	Auxvasse	Kingdom	Yes	Yes - P	
30	Ava	GTE		Yes - T	
31	Avalon	Green Hills		Yes - P	
32	Avenue City	GTE	Yes	Yes - P	
33	Avilla	GTE		Yes - P	
34	Baring	Mark Twain		Yes - P	
35	Barnard	Grand River	Yes		
36	Beaufort	SWBT			
37	Belgrade	GTE			
38	Bell City	SWBT	Yes		
39	Belle	GTE			
40	Belleview	GTE		Yes - P	

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
41	Bellflower	ALLTEL	Yes		
42	Benton	SWBT			KC
43	Berger	Fidelity			
44	Bernie	BPS		Yes - P	
45	Bethany	Grand River	Yes		
46	Bethel	Mark Twain			
47	Bevier	Chariton Valley			
48	Big Spring	Kingdom	Yes		
49	Billings	SWBT	Yes		Springfield
50	Birch Tree	GTE			
51	Bismark	SWBT	Yes		
52	Blackburn	Sprint			
53	Blackwater	Mid-Missouri	Yes		
54	Blairstown	Sprint			
55	Bland	GTE		Yes - P	
56	Bloomfield	SWBT	Yes		
57	Bloomsdale	SWBT	Yes		
58	Blue Eye	GTE			
59	Bogard	Green Hills		Yes - P	
60	Bolckow	GTE	Yes		
61	Bolivar	ALLTEL	Yes		
62	Bonne Terre	SWBT	Yes		
63	Boonville	SWBT	Yes	Yes - T	
64	Boss	GTE			
65	Bosworth	Chariton Valley			
66	Bourbon	GTE		Yes - P	
67	Bowling Green	SWBT		Yes - T	
68	Braddyville	GTE	Yes		
69	Bradleyville	GTE	Yes		
70	Branson	GTE	Yes	Yes - P/T	
71	Branson West	GTE	Yes	Yes - P	
72	Brashear	Mark Twain		Yes - P	
73	Braymer	GTE			
74	Brazito	Sprint	Yes		
75	Breckenridge	Green Hills			
76	Brimson	Grand River	Yes		
77	Brock	Northeast MO	Yes		
78	Bronaugh	GTE		Yes - P	
79	Brookfield	SWBT		Yes - T	
80	Browning	Grand River	Yes		
81	Brunswick-Triplett	GTE			
82	Bucklin	Chariton Valley			

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
83	Buckner	Sprint			KC
84	Buffalo	GTE		Yes - P/T	
85	Bunceton	Mid-Missouri	Yes		
86	Bunker	GTE			
87	Burlington Junction	Iamo	Yes		
88	Butler	Sprint			
89	Bynumville	Chariton Valley	Yes		
90	Cabool	GTE		Yes - P/T	
91	Cainsville	Grand River	Yes		
92	Caledonia	GTE		Yes - P	
93	Calhoun	Sprint			
94	California	Sprint		Yes - T	
95	Callao	Chariton Valley	Yes		
96	Camden Point	Sprint			KC
97	Camdenton	SWBT	Yes	Yes - T	
98	Cameron	GTE	Yes		
99	Campbell	SWBT			
100	Canton	GTE			
101	Cape Fair	GTE			
102	Cape Girardeau	SWBT	Yes		
103	Cardwell	SWBT	Yes		
104	Carl Junction	SWBT	Yes		
105	Carrollton	SWBT		Yes - T	
106	Carthage	SWBT		Yes - P/T	
107	Caruthersville	SWBT	Yes		
108	Cassville	GTE	Yes		
109	Caufield	GTE	Yes	Yes - P	
110	Cedar Creek	GTE	Yes		
111	Cedar Hill	SWBT	Yes		St. Louis
112	Center	SWBT		Yes - P	
113	Centertown	Sprint	Yes		
114	Centerview	Sprint	Yes		
115	Centerville	GTE			
116	Centralia	GTE	Yes	Yes - P	
117	Chaffee	SWBT	Yes		
118	Chamois	GTE			
119	Charleston	SWBT	Yes		
120	Cherryville	Steelville	Yes		
121	Chesterfield	SWBT	Yes		St. Louis
122	Chilhowee	Sprint			
123	Chillicothe	SWBT		Yes - T	
124	Chula	Grand River		Yes - P	

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
125	Clarence	GTE			
126	Clark	GTE	Yes	Yes - P	
127	Clarksburg	Sprint		Yes - P	
128	Clarksdale	GTE		Yes - P	
129	Clarksville	SWBT	Yes		
130	Clearmont	Iamo	Yes		
131	Clearwater Lake	Ellington			
132	Cleveland	Cass County			KC
133	Clever	SWBT	Yes		Springfield
134	Clifton Hill	Chariton Valley			
135	Climax Springs	SWBT			
136	Clinton	Sprint	Yes	Yes - T	
137	Clubb	ALLTEL			
138	Coal	Sprint	Yes		
139	Coffey	ALLTEL	Yes		
140	Cole Camp	Sprint	Yes		
141	Collins	GTE			
142	Columbia	GTE	Yes	Yes - T	
143	Conception Jct.	Grand River		Yes - P	
144	Concordia	GTE			
145	Conway	GTE		Yes - P	
146	Cosby	GTE	Yes	Yes - P	
147	Cowgill	Green Hills		Yes - P	
148	Craig-Corning	Sprint			
149	Crane	GTE		Yes - P	
150	Creighton	Cass County		Yes - P	
151	Crocker	ALLTEL			
152	Cross Timbers	GTE			
153	Cuba	GTE			
154	Dadeville	GTE			
155	Dalton	GTE	Yes		
156	Dardenne	GTE			St. Louis
157	Darlington	Grand River			
158	Dawn	Green Hills	Yes	Yes - P	
159	Dearborn	Sprint			KC
160	Deepwater	Sprint		Yes - P	
161	Deerfield	KLM			
162	Deering	SWBT	Yes		
163	Defiance	GTE			St. Louis
164	Dekalb	SWBT	Yes		
165	Delta	SWBT	Yes		
166	Denver	Grand River	Yes		

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
167	Desoto	SWBT	Yes		St. Louis
168	DeWitt	Chariton Valley			
169	Dexter	SWBT	Yes	Yes - T	
170	Diamond	Granby			
171	Dixon	ALLTEL			
172	Doniphan	ALLTEL	Yes		
173	Dora	GTE	Yes	Yes - P	
174	Downing	SWBT			
175	Drexel	Cass County			KC
176	Durham	Mark Twain			
177	Eagleville	Grand River	Yes		
178	East Lynne	Cass County			KC
179	East Prarie	SWBT	Yes		
180	Easton	GTE	Yes	Yes - P	
181	Edgar Springs	GTE		Yes - P	
182	Edgarton	Sprint			KC
183	Edina	SWBT		Yes - T	
184	Eldon	SWBT	Yes		
185	Eldorado Springs	GTE	Yes		
186	Eldridge	Stoutland	Yes	Yes - P	
187	Elkland	GTE	Yes		Springfield
188	Ellington	Ellington			
189	Ellsinore	GTE		Yes - P	
190	Elmer	GTE	Yes		
191	Elmo	Iamo	Yes		
192	Elsberry	SWBT	Yes		
193	Eminence	GTE			
194	Eolia	ALLTEL			
195	Essex	SWBT	Yes		
196	Ethel	Chariton Valley			
197	Eugene	Sprint	Yes		
198	Eureka	SWBT	Yes		St. Louis
199	Everton	GTE		Yes - P	
200	Ewing	GTE			
201	Excello	Chariton Valley			
202	Excelsior Spring	SWBT			KC
203	Exeter	GTE	Yes		
204	Fair Play	ALLTEL	Yes		
205	Fairdealing	ALLTEL	Yes	Yes - P	
206	Fairfax	Sprint			
207	Fairview	ALLTEL	Yes		
208	Farber	Farber			

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
209	Farley	SWBT			KC
210	Farmington	SWBT	Yes		
211	Fayette	SWBT	Yes		
212	Fenton	SWBT	Yes		St. Louis
213	Ferrelview	Sprint	Yes		KC
214	Festus-Crystal City	SWBT	Yes		St. Louis
215	Fillmore	GTE	Yes	Yes - P	
216	Fisk	SWBT	Yes		
217	Flat River	SWBT	Yes	Yes - T	
218	Florence	ALLTEL		Yes - P	
219	Foley	GTE	Yes	Yes - P	
220	Fordland	GTE			Springfield
221	Forest Green	Chariton Valley			
222	Foristell	GTE	Yes		St. Louis
223	Forsyth	GTE	Yes	Yes - P	
224	Fortuna	Mid-Missouri	Yes		
225	Foster	Craw-Kan	Yes		
226	Frankford	SWBT		Yes - P	
227	Fredericktown	SWBT			
228	Freeburg	SWBT		Yes - P	
229	Freeman	MoKan Dial			KC
230	Fremont	GTE		Yes - P	
231	Ft. Leonard Wood	Sprint	Yes		
232	Fulton	SWBT		Yes - T	
233	Gainesville	GTE	Yes		
234	Galena	GTE		Yes - P	
235	Gallatin	ALLTEL	Yes		
236	Galt	Grand River	Yes		
237	Garden City	Cass County			KC
238	Garwood	Ellington			
239	Gentry	Grand River	Yes		
240	Gerald	Bourbeuse			
241	Gideon	SWBT	Yes		
242	Gilliam	Mid-Missouri		Yes - P	
243	Gilman City	Grand River	Yes		
244	Glasgow	SWBT	Yes		
245	Golden City	GTE			
246	Goodman	Goodman		Yes - P	
247	Gorin	GTE			
248	Gower	GTE	Yes	Yes - P	
249	Graham	Grand River	Yes		
250	Grain Valley	SWBT	Yes		KC

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
251	Granby	Granby			
252	Grandin	ALLTEL	Yes		
253	Grant City	ALLTEL	Yes		
254	Gravois Mills	SWBT	Yes		
255	Gray Summit	SWBT	Yes		St. Louis
256	Green City	Northeast MO		Yes - P	
257	Greenfield	GTE	Yes		
258	Greenridge	Sprint		Yes - P	
259	Greentop	Mark Twain	Yes	Yes - P	
260	Greenville	ALLTEL			
261	Greenwood	SWBT	Yes		KC
262	Grovespring	GTE	Yes	Yes - P	
263	Hale	Chariton Valley			
264	Halfway	ALLTEL	Yes	Yes - P	
265	Hallsville	GTE	Yes		
266	Halltown	Choctaw			Springfield
267	Hamilton	GTE	Yes		
268	Hannibal	SWBT		Yes - T	
269	Hardin	Sprint		Yes - P	
270	Harrisonville	Sprint			KC
271	Hartville	GTE	Yes		
272	Harvester	SWBT	Yes		St. Louis
273	Hatton	Kingdom	Yes		
274	Hawk Point	GTE	Yes		
275	Hayti	SWBT	Yes		
276	Helena	GTE	Yes	Yes - P	
277	Henrietta	Sprint			KC
278	Herculaneum-Pevely	SWBT	Yes		St. Louis
279	Hermann	GTE		Yes - T	
280	Hermitage	GTE			
281	Higbee	SWBT	Yes		
282	Higginsville	Citizens			
283	High Hill	GTE			
284	High Point	Mid-Missouri	Yes		
285	High Ridge	SWBT	Yes		St. Louis
286	Highlandville	GTE	Yes		Springfield
287	Hillsboro	SWBT	Yes		St. Louis
288	Holcomb	SWBT	Yes		
289	Holden	Sprint	Yes		KC
290	Holliday	ALLTEL	Yes	Yes - P	
291	Holstein	GTE			

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
292	Holt	Sprint			KC
293	Hopkins	Sprint		Yes - P	
294	Hornersville	SWBT	Yes		
295	Houston	GTE	Yes	Yes - P/T	
296	Houstonia	Sprint		Yes - P	
297	Humansville	GTE			
298	Hume	Craw-Kan	Yes		
299	Hunnewell	GTE		Yes - P	
300	Huntsville	Chariton Valley		Yes - P	
301	Hurdland	Mark Twain		Yes - P	
302	Hurley	GTE			Springfield
303	Huzzah	Steelville	Yes		
304	Iberia	ALLTEL			
305	Imperial	SWBT	Yes		St. Louis
306	Ionia	Sprint	Yes	Yes - P	
307	Irondale	GTE		Yes - P	
308	Ironton	GTE		Yes - T	
309	Jackson	SWBT	Yes	Yes - P	
310	Jacksonville	Chariton Valley			
311	Jameson	ALLTEL	Yes		
312	Jamesport	Grand River			
313	Jamestown	GTE			
314	Jane	McDonald County	Yes		
315	Japan	Fidelity			
316	Jasper	SWBT			
317	Jefferson City	Sprint	Yes	Yes - T	
318	Jenkins	GTE	Yes	Yes - P	
319	Jerico Springs	GTE			
320	Jonesburg	GTE		Yes - P	
321	Joplin	SWBT	Yes	Yes - T	
322	Kahoka	GTE	Yes		
323	Kansas City	SWBT		Yes - T	
324	Kearney	Sprint			KC
325	Kennett	SWBT	Yes		
326	Keytesville	GTE	Yes		
327	Kidder	GTE	Yes		
328	Kimberling City	GTE			
329	King City	Sprint			
330	Kingston	GTE	Yes		
331	Kingsville	Sprint	Yes		KC
332	Kirksville	SWBT		Yes - T	
333	Knobnoster	SWBT		Yes - P	

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
334	Knox City	Mark Twain	Yes	Yes - P	
335	Knoxville	Green Hills		Yes - P	
336	Koshkonong	GTE	Yes	Yes - P	
337	La Belle	GTE			
338	La Grange	GTE			
339	La Plata	GTE	Yes	Yes - P	
340	Laclede	ALLTEL		Yes - P	
341	Laddonia	GTE		Yes - P	
342	Lake Lotawana	Sprint	Yes		KC
343	Lake Ozark- Osage Beach	SWBT	Yes		
344	Lamar	SWBT			
345	Lamonte	SWBT		Yes - P	
346	Lanagan	Goodman			
347	Lancaster	SWBT			
348	Laredo	Grand River	Yes		
349	Latham	Mid-Missouri	Yes		
350	Lathrop	Lathrop			KC
351	Lawson	GTE			KC
352	Leadwood	SWBT	Yes		
353	Leasburg	GTE		Yes - P	
354	Lebanon	Sprint		Yes - T	
355	Leeton	Sprint			
356	Lemons	Northeast MO	Yes		
357	Leonard	Mark Twain			
358	Lesterville	GTE			
359	Lewistown	GTE			
360	Lexington	Sprint		Yes - P	
361	Liberal	ALLTEL			
362	Licking	GTE			
363	Lilbourn	SWBT	Yes		
364	Lincoln	Sprint			
365	Linn	SWBT		Yes - P	
366	Linneus	Grand River	Yes		
367	Lock Springs	Green Hills			
368	Lockwood	SWBT			
369	Lone Jack	Sprint			KC
370	Louisburg	GTE		Yes - P	
371	Louisiana	SWBT	Yes		
372	Lowry City	GTE			
373	Lucerne	Grand River	Yes	Yes - P	
374	Ludlow	Green Hills	Yes	Yes - P	

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
375	Luray	Northeast MO	Yes		
376	Lyon	Fidelity			
377	Macks Creek	SWBT		Yes - P	
378	Macon	GTE			
379	Madison	ALLTEL	Yes		
380	Maitland	Holway			
381	Malden	SWBT	Yes		
382	Malta Bend	Sprint			
383	Manchester	SWBT	Yes		St. Louis
384	Manes	GTE	Yes		
385	Mano	GTE	Yes		
386	Mansfield	GTE			
387	Marble Hill	SWBT			
388	Marceline	SWBT			
389	Marionville	SWBT			Springfield
390	Marshall	SWBT		Yes - T	
391	Marshall Jct	Mid-Missouri		Yes - P	
392	Marshfield	GTE	Yes	Yes - T	Springfield
393	Marston	SWBT	Yes		
394	Marthasville	GTE		Yes - P	
395	Martinsburg	ALLTEL		Yes - P	
396	Martinstown	Northeast MO			
397	Maryville	Sprint	Yes	Yes - T	
398	Maxville	SWBT	Yes		St. Louis
399	Maysville	GTE			
400	Meadville	Grand River	Yes	Yes - P	
401	Memphis	Modern	Yes		
402	Mendon	ALLTEL	Yes		
403	Mercer	Grand River	Yes		
404	Meta	SWBT		Yes - P	
405	Metz	KLM		Yes - P	
406	Mexico	SWBT		Yes - T	
407	Miami	Mid-Missouri		Yes - P	
408	Middletown	ALLTEL	Yes		
409	Milan	ALLTEL		Yes - T	
410	Miller	Miller			
411	Milo	GTE	Yes		
412	Mindenmines	ALLTEL			
413	Missouri City	Sprint			KC
414	Moberly	SWBT	Yes	Yes - T	
415	Mokane	Kingdom	Yes		
416	Monett	SWBT	Yes		

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
417	Monroe City	GTE		Yes - T	
418	Montauk	GTE			
419	Montgomery City	SWBT	Yes	Yes - T	
420	Monticello	GTE			
421	Montrose	Sprint			
422	Mooresville	Green Hills		Yes - P	
423	Morehouse	SWBT	Yes		
424	Morrison	GTE			
425	Morrisville	ALLTEL	Yes		Springfield
426	Moscow Mills	GTE	Yes		St. Louis
427	Mound City	Sprint			
428	Mount Sterling	GTE			
429	Mt. Grove	GTE		Yes - T	
430	Mt. Moriah	Grand River	Yes		
431	Mt. Vernon	GTE		Yes - T	
432	Mt. View	GTE			
433	Myrtle	ALLTEL		Yes - P	
434	Naylor	ALLTEL	Yes	Yes - P	
435	Nebo	GTE		Yes - P	
436	Neelyville	ALLTEL	Yes	Yes - P	
437	Nelson	Mid-Missouri	Yes	Yes - P	
438	Neosho	SWBT		Yes - T	
439	Nevada	SWBT	Yes	Yes - T	
440	New Bloomfield	Sprint	Yes		
441	New Boston	Chariton Valley			
442	New Cambria	Chariton Valley			
443	New Florence	New Florence		Yes - P	
444	New Franklin	SWBT	Yes		
445	New Hampton	Grand River	Yes		
446	New Hartford	ALLTEL	Yes	Yes - P	
447	New Haven	Fidelity			
448	New London	New London		Yes - P	
449	New Madrid	SWBT	Yes		
450	New Melle	GTE			St. Louis
451	Newark	Mark Twain	Yes		
452	Newburg	Sprint		Yes - P	
453	Newtown	Grand River			
454	Niangua	GTE		Yes - P	
455	Noel	Ozark			
456	Norborne	Sprint	Yes		
457	Norwood	GTE		Yes - P	
458	Novelty	Mark Twain		Yes - P	

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
459	Novinger	Northeast MO		Yes - P	
460	Oak Grove	Sprint			KC
461	Oak Ridge	SWBT	Yes		
462	Oates	GTE			
463	Odessa	Sprint			KC
464	O'Fallon	GTE			St. Louis
465	Old Appleton	SWBT	Yes		
466	Old Monroe	GTE	Yes		St. Louis
467	Olney	ALLTEL	Yes		
468	Omaha	Northeast MO		Yes - P	
469	Oran	SWBT	Yes		
470	Orchard Farm	Orchard Farm			St. Louis
471	Oregon	Oregon Farmers			
472	Orrick	Sprint			KC
473	Osborn	GTE			
474	Osceola	GTE			
475	Otterville	Sprint		Yes - P	
476	Owensville	Fidelity		Yes - T	
477	Oxly	ALLTEL	Yes		
478	Ozark	GTE	Yes		Springfield
479	Pacific	SWBT	Yes		St. Louis
480	Palmyra	GTE		Yes - T	
481	Paris	GTE		Yes - T	
482	Parma	BPS			
483	Parnell	Grand River	Yes		
484	Patterson	ALLTEL	Yes		
485	Patton	SWBT			
486	Pattonsburg	ALLTEL	Yes		
487	Paynesville	SWBT	Yes		
488	Peace Valley	Peace Valley		Yes - P	
489	Peculiar	Cass County			KC
490	Perry	GTE			
491	Perryville	SWBT	Yes		
492	Philadelphia	Mark Twain		Yes - P	
493	Pickering	Sprint	Yes		
494	Piedmont	ALLTEL	Yes		
495	Pierce City	SWBT	Yes		
496	Pilot Grove	Mid-Missouri		Yes - P	
497	Pineville	McDonald County	Yes		
498	Pittsburg	GTE			
499	Platte City	Sprint	Yes		KC
500	Plattsburg	GTE	Yes		KC

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
501	Pleasant Hill	Sprint			KC
502	Pleasant Hope	ALLTEL	Yes		Springfield
503	Pocohontas- New Wells	SWBT	Yes		
504	Polk	ALLTEL	Yes		
505	Pollock	Northeast MO		Yes - P	
506	Polo	Green Hills		Yes - P	
507	Pond	SWBT	Yes		St. Louis
508	Ponder	ALLTEL	Yes		
509	Poplar Bluff	SWBT	Yes	Yes - T	
510	Portage Des Sioux	SWBT			St. Louis
511	Portageville	SWBT	Yes		
512	Potosi	GTE		Yes - T	
513	Powell	LeRu			
514	Powersville	Grand River	Yes		
515	Prairie Hill	Chariton Valley	Yes		
516	Prairie Home	GTE			
517	Preston	GTE			
518	Princeton	Grand River	Yes		
519	Protem	GTE	Yes		
520	Purcell	Craw-Kan		Yes - P	
521	Purdin	Grand River	Yes		
522	Purdy	ALLTEL	Yes		
523	Puxico	SWBT			
524	Queen City	Modern	Yes	Yes - P	
525	Qulin	SWBT	Yes		
526	Ravenwood	Grand River	Yes		
527	Raymondville	GTE	Yes		
528	Redford	Ellington			
529	Reed Springs	GTE		Yes - P	
530	Revere	GTE	Yes		
531	Rhineland	Kingdom	Yes	Yes - P	
532	Rich Hill	KLM			
533	Richards	KLM		Yes - P	
534	Richland	Sprint			
535	Richmond	SWBT		Yes - T	KC
536	Richwoods	SWBT			
537	Ridgeway	Grand River	Yes		
538	Risco	SWBT	Yes		
539	Roby	GTE	Yes		
540	Rocheport	GTE	Yes		
541	Rock Port	Rock Port	Yes		

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
542	Rockaway Beach	GTE		Yes - P	
543	Rockville	GTE	Yes		
544	Rolla	Sprint		Yes - T	
545	Rosendale	GTE	Yes	Yes - P	
546	Rothville	ALLTEL	Yes		
547	Rushville	SWBT	Yes		
548	Russelville	Sprint	Yes		
549	Safe	GTE	Yes		
550	Salem	Sprint		Yes - T	
551	Salisbury	Chariton Valley	Yes		
552	San Antonio	SWBT	Yes		
553	Santa Fe	GTE			
554	Sarcoxie	GTE			
555	Savannah	GTE	Yes	Yes - P	
556	Schell City	GTE	Yes		
557	Scott City	SWBT	Yes		
558	Sedalia	SWBT		Yes - T	
559	Senath	SWBT	Yes		
560	Seneca	Seneca	Yes		
561	Seymour	GTE		Yes - P	
562	Shelbina	GTE		Yes - T	
563	Shelbyville	GTE		Yes - P	
564	Sheldon	GTE	Yes	Yes - P	
565	Shell Knob	GTE			
566	Sheridan	Grand River	Yes		
567	Sikeston	SWBT	Yes		
568	Silex	ALLTEL	Yes		
569	Skidmore	Holway			
570	Slater	SWBT		Yes - T	
571	Smithton	Sprint		Yes - P	
572	Smithville	SWBT	Yes		KC
573	Southwest City	Ozark			
574	Sparta	GTE			Springfield
575	Speed	Mid-Missouri	Yes	Yes - P	
576	Spickard	Grand River	Yes		
577	Spring Bluff	Fidelity			
578	Springfield	SWBT		Yes - T	Springfield
579	St. Charles	SWBT	Yes		St. Louis
580	St. Clair	SWBT			
581	St. Joseph	SWBT	Yes	Yes - T	
582	St. Marys	SWBT	Yes		
583	St. Elizabeth	ALLTEL			

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
584	St. James	GTE	Yes	Yes - P	
585	St. Louis	SWBT		Yes - T	
586	St. Peters	GTE	Yes		St. Louis
587	St. Robert	Sprint	Yes		
588	St. Thomas	Sprint	Yes		
589	Stanberry	SWBT			
590	Stanton	Fidelity			
591	Stark City	ALLTEL	Yes		
592	Ste.Genevieve	SWBT	Yes		
593	Steele	BPS			
594	Steelville	Steelville	Yes		
595	Steffenville	Mark Twain			
596	Stella	LeRu			
597	Stet	Green Hills	Yes		
598	Stewartsville	GTE			
599	Stockton	ALLTEL			
600	Stotts City	ALLTEL		Yes - P	
601	Stoutland	Stoutland	Yes	Yes - P	
602	Stoutsville	GTE			
603	Stover	ALLTEL			
604	Strasburg	Sprint			KC
605	Sturgeon	GTE	Yes	Yes - P	
606	Sullivan	Fidelity		Yes - T	
607	Summersville	GTE			
608	Sumner	ALLTEL	Yes		
609	Sweet Springs	Sprint			
610	Sweetwater	Ellington			
611	Syracuse	Sprint			
612	Taos	Sprint	Yes		
613	Tarkio	Sprint			
614	Tebbetts	Kingdom	Yes		
615	Thayer	GTE	Yes	Yes - T	
616	Theodosia	GTE	Yes		
617	Thomasville	GTE	Yes		
618	Tiff City	Seneca	Yes		
619	Timber	GTE		Yes - P	
620	Tina	Green Hills		Yes - P	
621	Tipton	Sprint			
622	Tobin Creek	Northeast MO	Yes		
623	Trenton	SWBT	Yes		
624	Trimble	GTE	Yes		KC
625	Troy	GTE	Yes		St. Louis

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
626	Truxton	GTE			
627	Turney	GTE	Yes		
628	Tuscumbia	SWBT	Yes		
629	Union	SWBT	Yes	Yes - P	
630	Union Star	ALLTEL		Yes - P	
631	Unionville	Modern	Yes	Yes - T	
632	Urbana	GTE			
633	Urich	Sprint	Yes	Yes - P	
634	Valley Park	SWBT	Yes		
635	Van Buren	GTE		Yes - T	
636	Vandalia	ALLTEL			
637	Vanzant	GTE		Yes - P	
638	Verona	ALLTEL		Yes - P	
639	Versailles	SWBT	Yes		
640	Viburnum	Steelville	Yes		
641	Vichy	GTE		Yes - P	
642	Vienna	SWBT			
643	Walker	GTE	Yes	Yes - P	
644	Walnut Grove	SWBT			Springfield
645	Wappapello Park	ALLTEL			
646	Wardell	SWBT	Yes		
647	Ware	SWBT	Yes		St. Louis
648	Warrensburg	Sprint	Yes	Yes - T	
649	Warrenton	GTE		Yes - P/T	
650	Warsaw	Sprint			
651	Washburn	GTE	Yes		
652	Washington	SWBT		Yes - T	
653	Washington Center	Grand River	Yes		
654	Wasola	GTE	Yes	Yes - P	
655	Watson	Rock Port	Yes		
656	Waverly	Sprint			
657	Wayland	GTE	Yes		
658	Waynesville	Sprint	Yes		
659	Weaubleau	GTE			
660	Webb City	SWBT	Yes		
661	Wellington	Sprint			KC
662	Wellsville	SWBT			
663	Wentzville	GTE			St. Louis
664	West Plains	GTE		Yes - T	
665	West Quincy	GTE	Yes		
666	Westboro	Iamo	Yes		
667	Weston	Sprint			KC

All Missouri Exchanges
EAS, COS and MCA Service

	Exchange	Company	EAS	*COS	MCA
668	Westphalia	SWBT		Yes - P	
669	Wheatland	GTE			
670	Wheaton	ALLTEL	Yes		
671	Wheeling	Green Hills		Yes - P	
672	Whitesville	GTE	Yes		
673	Williamsburg	Kingdom	Yes		
674	Williamstown	Mark Twain			
675	Williamsville	ALLTEL		Yes - P	
676	Willow Springs	GTE			
677	Windsor	Sprint			
678	Winfield	GTE	Yes		St. Louis
679	Winigan	Northeast MO			
680	Winona	GTE			
681	Winston	ALLTEL	Yes		
682	Wooldridge	GTE			
683	Wright City	GTE	Yes		
684	Wyaconda	Mark Twain			
685	Wyatt	SWBT	Yes		

*-P is COS petitioning exchange
*-T is COS target exchange

Other Current and Future Calling Scope Plans

GTE Midwest, Inc.

- ***GTE Between Friends (PSC MO. NO. 3, Sheets 48-50)***
  1. Toll Plan
  2. 1+7 or 10 digit dialing
  3. GTE pays terminating access rates, per minute of use, to the terminating telcos.
  4. Available to all RESIDENCE customers in ALL GTE exchanges.
  5. One Hour Block of Time, Monthly - $8.00, Each additional minute - $.13.
  6. Optional Plan
  7. One Way Plan

- ***GTE Discount Calling Plan (PSC MO. NO. 3, Sheets 51-55)***
  1. Toll Plan
  2. 1+ or 0+ station-to-station IntraLATA 7 or 10 digit calls.
  3. GTE pays terminating access rates, per minute of use, to the terminating telcos.
  4. Available to all BUSINESS and RESIDENCE customers in ALL GTE exchanges.
  5. Percentage Discount plans of either 15% or 25%.
     Plan I - 15% discount on all station-to-station toll calling for a $1.00 monthly rate per RESIDENCE account and a $3.00 monthly rate for a BUSINESS account.
     Plan II - 25% discount on all station-to-station toll calling for a $3.00 monthly rate per RESIDENCE account and a $10.00 monthly rate per BUSINESS account.
  6. Optional Plan
  7. One Way Plan

- ***Extended Exchange Calling Plan (EECP) (PSC MO. NO. 3, Sheets 56-71)***
  1. Toll Plan
  2. 1+ 7 or 10 digit dialing
  3. GTE pays terminating access rates, per minute of use, to the terminating telcos.

4. 66 Routes for 64 Origination GTE exchanges, terminating to selected exchanges and their EAS points. List of EECP routes and terminating exchanges are found in PSC MO. NO. 3, Sheet 60 through Sheet 71.
5. Monthly flat rate for RESIDENCE - $23.00, BUSINESS - $33.00.
6. Optional Plan
7. One Way Plan

MCI Telecommunications and MCImetro

MCI will respond to the marketplace if competition dictates that calling plans are desired by consumers. Economics, such as the level of access charges will, of course, be an important factor in creating such plans to satisfy consumer needs. The availability of intraLATA presubscription will also be important.

Any incumbent local exchange carrier calling plans that the Commission approves must be priced above the price of access in order to avoid price squeezes.

Mid-Missouri Group

MMG expresses no specific position at this time on other types of calling plan solutions, such as exchange consolidation, rural calling area (RCA) plans, optional one-way local calling, adjacent exchange calling and EAS.

Small Telephone Company Group

The STCG members are well aware of the customer demand for the continuation of calling scope plans similar to COS in view of the Commission's decision to terminate that plan. The STCG member companies have customers participating in this plan that will not be satisfied with its demise and will be looking for alternatives to take its place. As will be outlined in greater detail later is this report in the STCG's responses to the "eight questions", there are a myriad of factors that impact the feasibility of such calling plans including technological constraints, regulatory guidelines, and financial realities. In general, the locations where the STCG member companies have the highest demand for additional calling are not locations served by the STCG member companies themselves. These locations are generally served by SWBT and occasionally by GTE and Sprint since those companies tend to serve the locations in the state with higher populations. Thus, the demand for additional calling scopes will generally require, for the STCG member companies, plans involving inter-company coordination and inter-company compensation.

In the research that has been expended in the past few months to develop alternatives, the STCG has concluded that it cannot devise any single plan that will meet the calling scope demands of all, or even most, of the individual situations where additional calling scopes are desired. Member companies are therefore engaged in individual efforts to develop specific plans to meet specific circumstances. It is anticipated that these plans will differ significantly from one another in terms of plan provisions, and rate structures in order to address calling scope desires from customers within technological and financial constraints. The STCG expects that as these plans are developed and refined that they will be filed with the Commission for review and approval. Depending on the specific circumstances they will have varying degrees of acceptability to customers in comparison with COS.

Southwestern Bell Telephone Company

- ***1 + Saver Direct   [Tariffed as Designated Number Optional Calling Plan]***

Southwestern Bell Telephone Company service offering flat rate unlimited one-way calling to a designated number within the LATA.

1. The service is a toll plan.
2. The dialing pattern is 1 + 10 digit.
3. The intercompany compensation arrangement is full terminating access from SWBT to the terminating LEC.
4. The service is available to all customers within SWBT exchanges and SWBT's SC exchanges.
5. The prices are $15.00 per month for the first designated number (business and residence) and $10.00 per month for each additional designated number (business and residence). This provides for unlimited usage.
6. The service is optional.
7. The service is one-way in nature.

Sprint Missouri, Inc.

Expected future calling scope plans (if any)
IntraLATA presubscription (ILP) brings competition and choice to customers. As long distance competitors work to retain existing customers or gain new customers they provide new offerings to try and meet customer needs. Customers then choose the carrier that best meets their individual calling needs.

Sprint believes that once customers are afforded a choice for their intraLATA long distance carrier, all competitors should have a level playing field on which to compete. Local Exchange Carriers (LECs) should not be mandated by the Commission to offer any expanded calling plan, but rather be free to offer only those calling plans that they desire and that are compensatory.

The Commission has recognized the benefits of competition and the inequity in mandating ILECs to offer below cost plans such as COS. Sprint has implemented ILP in many of its exchanges to provide customer choice of carriers. However some of its local exchange customers currently subscribing to COS have yet to be provided with the benefits of ILP and won't be until later in 1999 or 2000. To remedy this issue, Sprint intends to delay the elimination of COS in Sprint's COS petitioning exchanges until those exchange customers are given a choice in the intraLATA long distance marketplace.

Future Calling Scope Considerations
Competition in the intraLATA toll and local exchange market place will bring the calling options that customers desire. The Commission should refrain from requiring local exchange carriers to provide any new calling plans and let competition take its course. Only two ILECs, GTE and Sprint, have implemented intraLATA presubscription (ILP) to date and CLECs are just now offering competitive alternatives. The competitive marketplace for intraLATA long distance and local service is too new to know all the benefits that customers will reap. The Commission should let competition take root and re-evaluate its effectiveness only after all LECs have implemented intraLATA presubscription (ILP) and CLECs have become more established.

Summary of Public Hearings

The Missouri Public Service Commission held public hearings in Case No. TW-98-356 in the following communities:

COMMUNITY	DATE	NUMBER OF CONSUMERS TESTIFYING AT HEARING
Cameron	4/23/98	6
Columbia	4/27/98	6
Sedalia	4/30/98	12
West Plains	5/11/98	5
Memphis	5/18/98	27
Springfield	5/28/98	3

A review of the testimony in the hearing transcripts indicate that the consumers expressed their comments and concerns about the following matters:

1. the effect of losing COS will have on the customers and their community.

2. concerns of whether they could afford to continue calling the same people and businesses and services in the same manner as they did before.

3. whether they could maintain the present calling scope which they currently have through basic service and subscription to COS and through EAS. They wanted to know what service plans are offered which can duplicate the calling scope they now have.

4. desire to have access to internet providers at a flat rate or at a reasonably priced rate.

5. concern that once COS is eliminated, no replacement service will be available and they will "lose ground."

6. comparison of their calling scope with the metropolitan areas and the MCA.

7. many customers said that they would consider paying more for COS or for local service if they had a suitable calling scope which served their community of interest.

8. concerns that in comparison to MCA , they should not be asked to pay more for expanded calling since they get less now.

9. in Memphis, the customers wanted a county wide calling scope to meet their community of interest.

10. concerns about affordable access for families with school children so parents and teachers can communicate and parents and children can contact each other.

11. concern about elderly, handicapped or persons on fixed incomes having affordable telecommunications services to reach vital community services, such as medical and emergency assistance, and to check on sick or elderly family and friends or children, to operate their businesses, and to generally conduct daily activities.

The Eight Questions

Question 1.

What, if any, are the legal implications of mandating an expanded calling plan for telecommunications companies?

ALLTEL: ALLTEL concurs in the position of the Small Telephone Company Group (STCG).

GTE: The principle legal consideration will be whether the Commission has authority and jurisdiction to order such a plan. No Missouri statute or rule confers such authority or jurisdiction upon the Commission. Moreover, because the Commission has not taken such a step in the past (i.e., absent industry support), there is no supporting legal precedent regarding its ability to do so.

Apart from this threshold issue, cost recovery/revenue neutrality and technical feasibility are additional issues that could have legal ramifications if not handled appropriately. These issues are addressed in further detail below.

With the foregoing in mind, GTE recommends that the Commission staff work closely with industry participants to develop expanded calling plans that meet essential telecommunications needs and conform to accepted industry standards and practices. This will limit the need to focus on legal implications, and in turn, serve the best interests of Missouri consumers.

MCI and MCImetro: Mandated calling plans--particularly ones that are priced below cost or are otherwise not competitively neutral--constitute barriers to entry prohibited by section 253 of the Telecommunications Act of 1996.

MID-MISSOURI GROUP: A mandated expanded calling plan raises several issues concerning the legality of such an action by the Public Service Commission. The companies of the Mid-Missouri group believe that it would be unlawful for the Commission to require a carrier to offer and provide a particular type of expanded calling plan. The Commission lacks authority and jurisdiction to require telephone companies to provide a particular service.

The commission is purely a creature of statute, and its powers are limited to those conferred by statute . . . ." *State ex rel. Public Serv. Comm'n v. Bonacker*, 906 S.W.2d 896, 899 (Mo. Ct. App. 1995)(citation omitted). "Those powers are purely regulatory . . . . To that end the statutes provide[] regulation which seeks to correct the abuse of any proprietary right of a public utility, not to direct its use . . . . The law has conferred no such power upon the commission." *State ex rel. Harline v. Public Serv. Comm'n*, 343 S.W.2d 177, 181 (Mo. Ct. App. 1960)(citation omitted). " '[T]he commission's authority to regulate does not include the right to dictate the manner in which [a] company shall conduct its business.' " *Bonacker*, 906 S.W.2d at 899 (quoting *State v. Public Serv. Comm'n*, 406 S.W.2d 5, 11 (Mo. 1966)).

The Supreme Court of Missouri has held that "the Commission is without power to order a telephone company to provide services in an area which it has not offered, professed or undertaken to serve. . . . Such compulsion would be tantamount to an appropriation of [a company's] property to a public service to which it has not dedicated it - a taking of private property for public use without just compensation." *State ex rel. Southwestern Bell Tel. Co. v. Public Serv. Comm'n*, 416 S.W.2d 109, 113 (Mo. 1967)(citation omitted). "This would violate both the Fourteenth Amendment to the Constitution of the United States and §10, Article I of the Constitution of Missouri. *Id*. at 114. Under this law the Commission cannot mandate an ILEC to offer a new service to a new area where it has not professed to or done so in the past.

With increasing "deregulation," the MoPSC apparently no longer has the ability to impose mandatory expanded calling plans. The erosion of the MoPSC's jurisdiction makes it doubtful that expanded calling plans can be mandated. The MoPSC itself proclaimed its inability to mandate expanded calling plans in a recent Report and Order regarding the continued provisioning of COS:

> Retaining a mandated service that is not a necessary function of basic local service is inconsistent with the goal of a more competitive telecommunications environment. As a result of the changes which pervade the telecommunications industry, retention of mandatory COS is no longer a reasonable option. . . . Anything less would maintain pre-existing barriers to competition.
>
> Report and Order, MoPSC Case No. TW-97-333, at 11-12 (October 16, 1997).

SWB is no longer subject to rate of return regulation. It is anticipated that other ILECs may opt out of rate of return regulation in the future. ILECs are being required to implement intraLATA dialing parity, both for local and toll calls. Already there are many new entrants (CLECs and IXCs) in the local and toll intraLATA markets. These CLECs and IXCs are not subject to MoPSC rate of return regulation.

As these new entrants capture customers and market share, new and different mechanisms arise with respect to tariffed services, rates, interconnection, and intercompany compensation. Increasingly the Commission's jurisdiction over these types of interconnections is only that afforded by the limited review provided for interconnection agreements under federal law.

Under the federal element unbundling and pricing principles, the MoPSC no longer has the ubiquitous jurisdiction over pricing, interconnection and intercompany compensation necessary to impose a uniformly available expanded calling plan, especially one in which more than one carrier is involved. In short, the Commission no longer has the jurisdiction or regulatory authority over the carriers and elements necessary to implement a mandatory expanded calling plan.

In order for a mandated calling plan to be uniformly available within a defined area or calling scope, all service providers operating within that area must offer the same service. The Commission must have the ability to order each provider, whether ILEC or CLEC/IXC, to offer the same service at the same terms and conditions. Each provider's tariffs must be the same. This control will not exist in the future.

The competitive model of the future moves the function of establishing toll-free calling scopes from regulators to the market. If there is sufficient demand for a particular calling scope or direction to justify a new service, the ILEC will either fashion and offer such a service or take the risk of losing the demanding customers to another provider who offers such a service. It will be up to the carriers, not the Commission, to detect market demand and make the necessary business arrangements necessary to be able to offer the service.

The MMG anticipates that competition will first unfold in metropolitan areas, where there is more customer and revenue base for new competitors to establish their niche. It is also expected that new services will first be targeted to business customers, who typically expend more money for telecommunications services than do residential customers. If this holds true it will take time for the new competitive market to develop new residential expanded calling plans, but it will happen if there is sufficient interest.

OPC: The Commission is mandated to carry out the legislative goals set forth by the General Assembly in §392.185 RSMo. This section gives the Commission legal authority and the duty to protect the public interest in a competitive environment, ensure widely affordable and reasonable rates and provide for parity of telecommunications services between rural and urban areas. The Commission can within this statutory authority require expanded calling scopes and establish conditions of service which promote these goals and serve the public need for this type of service. The move to competition in toll or in local exchange services does not mean total deregulation of the industry and the Commission still must act to fill the gaps in service when competition does not provide reasonable and affordable service in certain areas which is needed for the health, safety, and general welfare of the residents of the area.

SPRINT: The Commission needs to consider carefully what it is requiring and of which companies when it considers expanded calling options. If the Commission mandates a specific calling plan to be offered by all providers of telecommunications service, particularly one that is not compensatory, it may be viewed as a barrier to entry prohibited by §253 of the Telecommunications Act of 1996. If, instead, the obligation is imposed solely on the ILECs or solely on the CLECs, it may not be competitively neutral, which is likewise prohibited by the Telecommunications Act. Whatever the Commission does, it must be compensatory, competitively neutral and not a barrier to entry or exit.

STAFF: The question of whether or not the Commission has the authority to require one, several, or all of the telecommunications companies in Missouri to provide a calling plan to Missouri customers that extends beyond the boundaries of an exchange is merely the first in a much larger set of questions. A basic local telecommunications service is defined by **§** 386.010(4) RSMo Supp. 1997 as:

> Two-way switched voice service **within a local calling scope** as determined by the commission comprised of any of the following services and their recurring and nonrecurring charges:
> (Emphasis added).

Clearly the Commission has the authority to mandate that all Local Exchange Telecommunications Companies (LEC's) provide basic local telecommunications service. The Missouri Legislature has given the Commission the authority to determine what is an appropriate **local calling scope**. If the Commission determines that a **local calling scope** is something other than an exchange, and requires that all LEC's, whether incumbent companies or competitive companies, provide service to that same **local calling scope**, it has clearly operated within its statutory authority.

The Commission can adequately address the concern raised by some participants that a mandatory calling plan creates a barrier to entry by requiring that all providers of basic local telecommunications service provide the same service to all Missouri customers served by that company. If the requirement is uniform to all providers, no barrier to entry is created under Section 253 of the Telecommunications Act of 1996.

Another area of concern is the compensation to be paid to the companies for providing the expanded calling service. It is clear that the Commission cannot require either the ILEC's or CLEC's to provide the service to Missouri customers without adequate compensation. The Commission would need to consider the financial ramifications to each company so that there is no inappropriate taking of property on the part of the Commission.

STCG:

A) Missouri Statutes and Case Law

1. Commission Jurisdiction

Missouri statutes give the Missouri Public Service Commission (Commission) jurisdiction over "all telecommunications facilities, telecommunications services and to all telecommunications companies" insofar as they are operated or utilized to offer or provide telecommunication service between points within the state of Missouri. §386.250 RSMo 1994. However, the Commission does not have the authority to dictate the manner in which a utility shall conduct its business, to exercise general business management incident to ownership, or to direct the use of the utilities' property rights. *State ex rel. Southwestern Bell Tel. Co. v. Public Service Comm'n*, 416 S.W.2d 109, 113 (Mo. banc 1967); *State ex rel. Kansas City Transit, Inc. v. Public Service Comm'n*, 406 S.W.2d 5 (Mo. 1966); *State ex rel. Public Service Comm'n v. Bonacker*, 906 S.W.2d 896 (Mo. App. 1995); *State ex rel. Laclede Gas Co. v. Public Service Comm'n*, 600 S.W.2d 222 (Mo. App. 1980); *State ex rel. Harline v. Public Service Comm'n*, 343 S.W.2d 177 (Mo. App. 1961). Furthermore, longstanding Missouri Supreme Court case law indicates that the Commission "is without power to order a telephone company to provide services in an area which it has not offered, professed or undertaken to serve." *State ex rel. Southwestern Bell Tel. Co.*, 416 S.W.2d at 109.

2. Adequacy of Services and/or Facilities

The Commission is authorized to determine "just, reasonable, adequate, efficient and proper regulations, practices, equipment and service" to be employed by telecommunications companies within its jurisdiction. §392.240.2 RSMo 1994. However, to do so, the Commission must: (1) hold a hearing; (2) make a finding that the equipment or service of the telecommunications company is inadequate, insufficient, improper, or inefficient, or that the rules, regulations or practices of the telecommunications company are unjust or unreasonable; and (3) make only such orders as are just and reasonable and in compliance with the laws of Missouri and the United States. *Id.*

The Commission also has the power to order additions, changes, repairs and improvements to any telecommunications service that ought to reasonably be made. §392.250 RSMo 1994. However, the Commission must first hold a hearing and then make a finding that such changes are necessary to: (1) promote the convenience of the public or employees, or (2) secure adequate service or facilities for telecommunications services. *Id.*

The Commission is also authorized to ensure that each telecommunications company "furnish and provide with respect to its business such instrumentalities and facilities as shall be adequate and in all respects just and reasonable." §392.200.1 RSMo Supp. 1997. However, adequacy of equipment is not to be confused with cost of service or size of calling scope. In *State ex rel. City of Oak Grove v. Public Service Comm'n,* 769 S.W.2d 139 (Mo. Ct. App. 1989), a group of suburban exchanges near Kansas City petitioned the Commission for an order that would require the telephone company to establish an extended area service (EAS) between their exchanges and other exchanges in the metropolitan area. The Commission dismissed the complaint, and the Petitioners appealed, arguing that the Commission had failed to consider the EAS petition on the basis of public need. *Id.* at 145. As authority, the Petitioners cited §392.200.1, arguing that the customers in their exchanges desired and needed EAS. *Id.* The Court in *Oak Grove* found no offering of proof in the record that: (1) the Petitioners' telephone service did not permit customers to reach any other telephone exchange when calls were placed, or (2) incoming calls to the Petitioners' exchanges met with any equipment obstructions. *Id.* The Court reasoned: "(t)he sole basis for [Petioners'] complaint was the cost of service, not the adequacy of equipment. We are unaware of any case authority, and Appellants cite none, indicating that §392.200.1 dealing with adequacies of facilities and instrumentalities encompasses a claim for less expensive telephone service, that is, the elimination of inter- exchange tolls." *Id.* Thus, the Court concluded that the Commission had properly denied the EAS petition. *Id.*

In Summary, it appears that the Commission's authority to require adequate facilities and services is limited to a case by case (or Company by Company) examination and a specific finding, based on an evidentiary record, that the existing facilities and services are inadequate. Case law, as evidenced by the decision in the *Oak Grove* case, further indicates that adequacy of calling scope is not a service or facility issue but a rate issue. Thus, the Commission may not have the statutory authority to require expanded calling scopes if premised on the notion that existing calling scopes constitute inadequate facilities and/or services.

3. Altering and/or Limiting Local Exchange Boundaries

The Commission is empowered to "provide the limits within which telecommunications messages shall be delivered without extra charge." §392.200.7 RSMo Supp. 1997. However, this statute has not been interpreted in any reported Missouri cases and it is thus unclear what authority the Commission has pursuant to this statute to expand (or limit) calling scopes.

Missouri statutes also give the Commission authority to alter local exchange boundaries. §392.200.9 RSMo Supp. 1997. However, the Commission must satisfy a two-part test to do so. First, the Commission must make a determination that altering local exchange boundaries is in the public interest. *Id.* Second, the incumbent local exchange telecommunications company or companies that serve each exchange for which the boundaries are altered must approve the alteration of exchange boundaries. *Id.*

4. Interconnection

The Commission has the authority to order connection between the lines of two or more telephone companies. §392.240.3 RSMo 1994. To do so, however, the Commission must first hold a hearing. Then it must make a finding that: (1) "a physical connection can reasonably be made between the lines of two or more telecommunications companies whose facilities can be made to form a continuous link of communication by the construction and maintenance of suitable connections for the transfer of messages or conversations," and (2) "the public convenience and necessity shall be served thereby." Alternatively, the Commission may make a finding that: (1) "two or more telecommunications companies have failed to establish joint rates, tolls, or charges for service by or over their facilities" and (2) "joint rates, tolls, or other charges ought to be established." *Id.* However, the Commission is prohibited from making the second finding "where the purpose of such connection is primarily to secure the transmission of local telecommunications service . . . " *Id.* Accordingly, it would appear that this statute gives the Commission the authority to order connections for the transmission of interexchange or toll messages as well as the authority to establish joint rates or tolls for such services in those cases where the connecting carriers cannot agree on such joint rates or tolls. However, this section clearly does not give the Commission the authority to order a connection between two telecommunications companies in order to provide a "local" connection for the purposes of expanding local calling.

5. Rates and Revenue Loss

The Commission must take into account any revenue or expense impacts that an expanded calling plan might involve. Under §386.270 RSMo 1994, rates fixed by the Commission are presumed to be lawful and reasonable. Thus, the Commission must carefully examine the revenue impacts that any expanded calling scope plan would have upon the telephone companies that are involved. A Commission order which has the effect of reducing existing rates or revenues of a utility amounts to a taking of revenues which the Company would have otherwise collected under lawful rates. *See e.g. Lightfoot v. City of Springfield*, 236 S.W.2d 348, 354[10] (Mo. 1951) ("[W]hen the established rate of a utility has been followed, the amount so collected becomes the property of the utility, of which it cannot be deprived by either legislative or court action without violating the due process provisions of the state and federal constitutions."); *see also* Cases CV190-190CC, CV193-66CC, and CV198-666CC, in which the Circuit Court of Cole County reversed and remanded Commission decisions that would have resulted in revenue loss to the telephone companies without, at the very least, providing for them to be made whole (i.e., maintain revenue neutrality).

B) Recent Commission Decision Regarding Its Authority to Mandate Expanded Calling Plans

In MoPSC Case No. TW-97-333, the Commission found that a mandatory expanded calling plan known as Community Optional Service (COS) had fulfilled and outlived its intended purpose. Report and Order dated October 16, 1997 at p. 16. The Report and Order stated that "<u>[r]etaining a mandated service that is not a necessary function of basic local service is inconsistent with the goal of a more competitive telecommunications environment</u>." *Id.* at p. 11 (emphasis added). The Commission noted that retaining COS would "maintain pre-existing barriers to competition." *Id.* at p. 12. According to the Commission, COS was inconsistent with a competitive environment and a "barrier to entry for new CLECs." *Id.* at p. 14. Instead, the Commission indicated that in a competitive environment telecommunications companies would develop and offer their own plans. *Id.* at p. 13.

Thus, in TW-97-333 the Commission found that a mandated expanded calling plan was anti-competitive and inconsistent with the Telecommunications Act of 1996 (Act). The Act envisions a competitive environment where market forces, not regulators, respond to customer wishes with competitive calling plans.

C) Telecommunications Act of 1996

Section 253 of the Act was designed to remove barriers to entry for competitive telecommunication providers. Section 253(a) provides:

> In General. -- No State or local statute or regulation, or other state or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications services.

Thus, for example, if the Commission mandates a calling plan at rates which do not recover the associated costs, then such a plan may be viewed as an impermissible barrier to entry. Moreover, any mandated calling plan that is not applicable to all telecommunications companies (incumbent and competitive) would not be competitively neutral and, thus, inconsistent with other provisions of the Act. *See e.g.* §253(b).

D) Missouri Senate Bill 507

Senate Bill 507, as enacted at **§**392.185 RSMo Supp. 1997, is to be construed to "allow full and fair competition to function as a substitute for regulation when consistent with the protection of ratepayers and otherwise consistent with the public interest." The establishment of a Commission-mandated calling plan may be inconsistent with SB 507's vision of a "full and fair competition" substituting for the Commission's regulation unless such a mandate is necessary to protect ratepayers or promote public interest. Also, because such a plan could operate as a barrier to entry, it might actually hinder the competition envisioned by Missouri's legislature.

SWBT: It would be inappropriate and unlawful for the Commission to require a carrier to offer and provide a specific calling plan against its will. Under Missouri law, carriers have the general management right to determine in the first instance the services each will offer, the terms and conditions of each service, and the method of provisioning it.

The existing state-wide calling plans such as MCA, COS and OCA were not unilaterally mandated by the Commission. Rather, they were developed by the Commission in concert with the telecommunications carriers in the state. It would be expected that any new state-wide plan would be developed in a similar fashion. SWBT supports the development of expanded calling plans, consistent with customer demand and willingness to pay, provided such plans are implemented in a financially responsible and competitively neutral manner. In general, SWBT supports the view that competition should serve as the primary driver of expanded calling plans rather than regulatory mandate.

Question 2.

What are the competitive implications of requiring telecommunication companies to offer an expanded calling plan?

ALLTEL: Regulatory mandates to offer expanded calling plans are inherently “anticompetitive.” In a competitive market, service providers are able to utilize their resources to address specific target markets and opportunities. Requiring telecommunications companies to offer a particular plan or plans places constraints on the utilization of those resources. A competitive telecommunications market place contemplates “choices,” not only for customers, but for service providers as well. Limiting choices for either customers or providers diminishes competition.

ALLTEL recognizes that the move to a competitive telecommunications marketplace must be accompanied by a transition in the regulatory framework under which many services are provided today, and will continue to be provided in the future. Should the Commission undertake to mandate a particular expanded calling plan, or plans, obligations to provide those plans cannot be imposed on a particular service provider. Requiring an incumbent local exchange carrier (ILEC), for example, to provide a service that a competitive local exchange carrier (CLEC) has no obligation to provide places the ILEC at a distinct competitive disadvantage. Any new regulations or requirements for expanded calling must be applied to all service providers on a nondiscriminatory basis. If ILECs are ultimately obligated to provide expanded calling, an external support mechanism such as the Missouri Universal Service Fund (Mo. USF) should be employed as a means of achieving competitive neutrality.

BROOKS: Mandatory extended calling scopes should be clearly defined in geographic terms so that it is clear which customers have which calling scopes. A customer in a given location should have the same calling scope regardless of whether they are a CLEC customer or an ILEC customer. Calling scopes should not be dependent on either the carrier that serves the customer or the carrier that assigned the customer its telephone number. The calling area should be clearly delineated so that there can be no doubt about whether a customer at a given location may avail itself of the expanded area, regardless of which carrier serves them.

Carriers should not be dependent on other carriers to “allow” them to make the entire Commission-mandated calling scope available to their customers. At the present time, in some Commission-mandated calling scopes, the telephone number prefix, or NXX, identifies that line as a subscriber to the extended calling scope. If a CLEC assigns one of its own NXXs to a new customer, but that NXX is not recognized as a participant NXX, then the CLEC customer may not avail itself of the expanded calling scope. All carriers should have the ability to notify all other carriers in the calling scope that a new NXX is to be added to the calling scope. Standard industry notification may be the preferred method of communication, but a default mechanism should be made available to carriers when such notification is insufficient, unduly time-consuming or inapplicable.

Optional extended area calling plans designed or sanctioned by the Commission should be structured in such a way that they are equally easily implemented by CLECs as ILECs. No optional calling plan should be devised that is dependent on the end users only being served by ILECs, and no optional calling plan should be established that combines areas that CLECs may lawfully serve and those they are presently precluded from serving. This does not mean that CLECs should be able to establish a competing business with the ILEC in a protected exchange, but that it can terminate traffic to such exchanges, whose customers can reciprocally terminate to the CLEC, under the terms of the expanded calling plan.

GTE: The central implication is that in a competitive environment, a company should be free to offer, or not offer a calling plan based on that company's estimation of the demand of the market. If the company is required to provide a calling plan, it is quite possible that it would violate this principle in several regards.

If companies were ordered to provide calling plans on routes which were not compensatory or for routes where the take rate did not justify the expense, the shortfall would have to be borne by other services within that company and thus implicit subsidization would be perpetuated. If the routes or plans required were classified as essential service, then there would also be Missouri Universal Service Fund implications as well.

If calling plans were required and the prices were set within the requirements, there is no assurance that the companies would be compensated for the plans, or that the prices were set according to market demand.

A requirement to provide an optional calling plan entails all of the ramifications thus far noted. A requirement to provide a mandatory plan adds yet another facet to the discussion. In most, if not all cases, the demand for an expanded calling plan is driven by that group of customers at the higher end of the usage spectrum. Even if that group is the top 50% of users, that leaves 50% of the customer base that would not be particularly interested in a plan. If a mandatory plan were implemented, the lower usage customer would, by definition, be subsidizing the higher usage customer group.

The debate over provision of a two-way plan is simply from a different time and environment. In an environment where the carriers in the various exchanges were static and predictable, traffic and compensation agreements were simple, and two-way return traffic plans could be implemented. In an environment where it is increasingly possible that there will be multiple carriers both for local as well as toll services, such a reciprocal setup is simply not workable. In the competitive environment, it will be the responsibility and the purview of the company originating the traffic to provide the appropriate calling plan for its customer base.

MCI and MCImetro: Forcing a company, such as an IXC, to provide a calling plan at a price that does not cover costs, including access charges, would be anticompetitive. Likewise, requiring or allowing a LEC to offer a plan at a price that does not reflect the cost of access paid by IXCs would be anticompetitive. Further, any mandatory one-size-fits-all approach would stifle the creativity and innovation of a competitive market.

MID-MISSOURI GROUP: If the Commission mandates an expanded calling scope, certain competitive considerations must be addressed. As a general proposition, any mandated calling scope should be competitively neutral. Unless a calling plan can be mandated for all service providers operating in the affected area, imposing the mandate upon one carrier alone creates the potential for competitive disadvantage. If the mandated plan is a local service, the required calling scope must apply equally to ILECs and CLECs to avoid any inherent disadvantages.

In any case, MMG believes that a mandated expanded calling plan should be a toll service and not a local service. In MMG's rural exchanges no competition exists for the provision of local service. Imposing the additional burden on local service of offering an expanded calling scope will not only increase costs for the ILEC but will also discourage competitive entrants into the higher cost rural markets. In addition, a mandate to any company to offer or continue to offer a certain mandated expanded calling service will constitute an anti-competitive barrier to exit from that market. Given the greater likelihood throughout the state of competitive entrants in the toll market as opposed to the local service market, any mandated expanded calling plan should be fashioned as a toll service because competition in the toll market will be better able to absorb the additional burden with a less noticeable effect on competition.

OPC: Where alternative carriers choose not to serve an area, the Commission should not be concerned about any anti-competitive aspect of mandating expanded calling. If there is no competition or insufficient competition in an area, the Commission must act in the face of a failure of competition to provide the services at reasonable and affordable rates. Anti-competitive implications of mandating incumbents to provide expanded calling plans are overstated. These implications do not seem to be an obstacle at the present when local exchange carriers are offering LATAwide flat rate calling plans to substitute for COS at a price about double the COS rate. If the PSC believes that the community of interest is best served by a plan characteristic of toll rather than local service, the IXCs' objections on the competitive issue would be addressed by properly classifying the plans as toll and making the service available for resale at wholesale prices.

SPRINT: Some specific expanded calling plans may have competitive implications that the Commission should review. One-way plans generally can be implemented unilaterally by a company if fair and equitable compensation is agreed to and paid to other companies on the call path. However, two-way optional plans, such as COS, cause several competitive issues as the Commission stated in its Report and Order in Case No. TW-97-333:

> As a result of the changes which pervade the telecommunications industry, retention of mandatory COS is no longer a reasonable option. Significant technological and accounting changes would be necessary to accurately record calling traffic. Even if the calls could be successfully tracked, the entrance of numerous companies into the marketplace would create an ever increasingly complex and burdensome bill processing system. An entirely new form of inter-company compensation would be necessary in order to ensure revenue neutrality. Anything less would maintain pre-existing barriers to competition.
> (Order, pp.11-12).

STAFF: The parties generally illustrate the implications of establishing expanded calling scopes in a competitive environment. Competitive companies will be impacted in different ways depending on the way expanded calling scopes are designed. One-way plans have less impact, generally, than two-way plans. Limited use (such as per-minute charge) plans have fewer implications than unlimited use plans. If such expanded calling plans are created by converting what is now toll traffic to local traffic, the IXCs will be forced out of a certain share of the current toll market. Local exchange companies will be forced into that new expanded local market. The historic access revenues available to the LECs will be replaced with (presumably) less revenues from these services.

If expanded calling is created as a toll service, IXCs will still be able to compete as long as the prices reflect the underlying costs to those IXCs. These costs include the access charges the IXCs must pay. The LECs will be unaffected and the existing toll traffic would not be shifted to local traffic.

If an expanded calling plan is supported by non-subscribers so that the new calling plan would be offered to customers below its costs (including imputation), those customers contributing this support would not receive the benefit of the plan. Of course, those customers benefiting from the plan would be receiving this transfer of value. Unless a competitively neutral mechanism can be implemented, the competitive companies will be less able to sustain this loss than the rate-of-return companies. A general assessment on all carriers or customers (such as through the Missouri Universal Service Fund or line-item assessment on the exchange, company or all Missourians' telephone bills) raises the issue of those not having or using the expanded calling service paying for it.

STCG: From an economic philosophy standpoint, regulation is imposed in a market as a substitute for competition, an artificial mechanism to protect the consuming public from abuses when competition is insufficient or absent. If markets are truly competitive, there should be no need for regulation and no need for requiring or mandating a company to offer an expanded calling plan. If the market is truly competitive, providers will be offering services demanded by customers at prices that will cover the cost of providing those services. Competitors will have the flexibility to change prices to reflect costs, including cost changes, and to provide packages of services to customers in those instances where the cost of provision and the price at which service is demanded converge. In this type of market, requiring a telecommunications company to offer an expanded calling plan by force of regulation will distort the operation of market forces and will, depending on the nature of the plan imposed, cause a variety of distortions in the market.

Today's telecommunications markets in Missouri do not reflect the operations of an optimum competitive market for a number of reasons. Public policies over most of the past century have been based on the predicate (perhaps more correct in the past than today) that the provision of telecommunications services could be most efficiently provided over a single monopoly network. While changes in technology, public policy, and the economics of telecommunications service now are facilitating the introduction of competition into all aspects of telecommunications service provision, many of the vestiges of a monopoly network remain. In most areas of the state there is still only one wireline network available to provide access between individual consumers and telecommunications providers. Access to this network is based on pricing policies developed under decades of regulation and still firmly controlled by regulated policies. Prices for services have been established under a variety of rationales and purposes over the decades, and changes in those prices to reflect changes in technology, costs , and policies come only through a slow, cumbersome regulatory process. Pricing and cost identification is further hampered by the nature of the telephone network where most network components are shared by a variety of service offerings, making cost identification an often subjective process.

The competitive implications of requiring a telecommunications carrier to offer an "expanded calling scope service" in this environment vary widely based on the nature of the plan, the specific requirements attached to the plan offering, the location in which it is mandated, and the carrier(s) upon which the requirement is placed. Depending on the degree to which the plan and its associated costs, and prices are in economic balance or imbalance, will determine whether the plan may have relatively minor to relatively severe competitive or anti-competitive implications. If the factors are relatively well in balance, the plan is likely to have a lesser degree of competitive implications. If the factors are out of balance, various competitors are likely to be either advantaged or disadvantaged either by being required to, or being excluded from, being allowed to provide the mandated plan.

For example, a plan which imposes greater costs on the mandated provider than it is allowed to recover through prices charged to consumers will likely disadvantage that provider since it will have to charge higher rates on other services than it normally would in order for the overall firm to remain profitable. This may put the provider at a competitive disadvantage to other providers who do not bear this same burden. On the other hand, if the plan provisions assign the use of unique network features to a single provider (such as 1+ dialing access) the plan may give the provider a competitive advantage over other providers.

While the Commission continues to have regulatory authority during the transition from a monopoly environment to a competitive environment, it should exercise that authority carefully when either requiring expanding calling plans, or reviewing plans voluntarily offered by carriers, in order to implement plans which minimize the granting of competitive advantages or imposing competitive disadvantages on specific carriers or groups of carriers. This requires that the Commission carefully review proposed plans to see that they do not assign the use of unique network facilities or characteristics to a single carrier, are structured in ways that allow competing carriers to use facilities in similar ways, and consider similar costs for similar facilities in the provision of similar services. The Commission should avoid, to the extent politically feasible, imposing calling scope plans where the allowed or required price for the service does not cover the cost of providing that service. Furthermore, the Commission must recognize that it is under legal requirements, when imposing mandatory plans on regulated entities, to provide the same stream of revenues that it allowed under prior pricing for the same service. Finally, the Commission must use each opportunity it has in reviewing rate and pricing results of past years to adjust prices to levels more reflective of the underlying cost of facilities and services used, adjusting and removing past vestiges of pricing based on social and public policy concerns alone.

SWBT: Even if all companies providing service in the area in which the calling plan would be offered are required to provide the calling plan, there would be some competitive implications as a result of mandating participation. (Legal implications of mandating the provision of any service are discussed above.)

If the Commission mandated that a service be provided as either local or toll, it is probable that some companies would, for strategic reasons, want to market or provision the service in the opposite manner. Mandating any features for use by all companies places the Commission in the position of choosing a “one size fits all” design for the plan. This action runs the risk of suppressing innovation and is contrary to the idea that competition brings about greater choice for the consumer. This action also places the Commission in the position of mandating that specific capital and expense expenditures be made, bringing up issues of revenue neutrality for the companies. Finally, the existence of mandated plans may influence a potential competitor’s decision to enter (or remain in an area).

As noted previously, SWBT believes that the competitive process is superior to the regulatory process in developing appropriate expanded calling plans. Accordingly, the company is not endorsing the idea that the Commission should mandate the provision of expanded calling services. But if the Commission did take that step, it should do so in a financially responsible and competitively neutral manner. The least competitively harmful path would be a mandate that all companies offer some type of calling plan in a specific area. The features and design of the plan should be left up to each individual company, with the Commission deciding whether each is in the public interest.

The Commission and the industry have experience with intercompany compensation mechanisms. Generally, calls that are interexchange are settled based on access charges. Under current interconnection agreements, local compensation applies when a call originates and terminates within the mandatory local calling area; calls originating outside the mandatory local calling scope and terminating in another exchange are compensated based on access charges. Application of these compensation arrangements to a new plan should mitigate competitive concerns about intercompany compensation.

To be competitively neutral, prices for the service must first be set above the incremental cost of the individual service provider. Using incremental cost as a floor will ensure that all companies will recover their costs and prevent implicit subsidies being built into the price. The Commission should not, however, mandate that all companies provide the service at the same designated price. Mandating a single price for all companies to charge could result in some companies being below cost and others making varying amounts of profits. While not all companies need to make the same amount of profit, all companies must recover their costs.

If properly priced, any competitive implications associated with making the plan either optional or mandatory for customers would be minimized, as long as the calling plan requirement was imposed equally on all service providers. If the plan was priced above cost, a mandatory plan would allow recovery of costs whether the company had one customer or 1,000 customers. But the Commission must recognize that different companies may experience different financial impacts even if the same calling plan is implemented uniformly. For example, a company with a substantial number of residential customers may lose a higher percentage of revenue than a company that has concentrated on serving higher margin complex business customers even though both are implementing the same expanded calling plan. Other important implications of optional v. mandatory customer service will be addressed under the customer impact section.

The implications of one-way v. two-way provision of service would seem to fall equally on all competitors. A one-way service would clearly be a superior choice, as a two-way service would raise substantial competitive and administrative/technical issues. Testimony in the COS case indicated that nearly every carrier was very reluctant to share information about their customers with other competing carriers which would be necessary for a two-way service. In addition, given the number of carriers expected to offer these competitive services, a two-way service was seen as administratively impractical. This concern is further addressed in the technical implication section below. Thus, a one-way reciprocal service or a one-way only service would clearly have less competitive and administrative/technical implications.

Question 3.

What are the technological implications of offering an expanded calling plan?

ALLTEL: The experience in Missouri with Community Optional Service (COS) and Metropolitan Calling Area (MCA) service give an indication of the complexities that can be associated with expanded calling plans. The coordination between service providers in terms of billing (both intercompany and end user), facilities, and overall administration has been substantial. New plans, new service providers, and new technologies will make this coordination even more difficult. Dialing parity, local number portability, and integration of wireless carrier's traffic, among others, contribute to new technological hurdles that will impact the implementation of expanded calling plans. Service providers may not possess the billing and operational support systems required to implement a particular type of plan.

GTE: Technology concerns revolve around facility upgrades required to meet expanded calling plan demand. Additional trunk requirements will cause augmentation of current facilities. Potentially, switch ports, fiber terminals and other outside plant facilities would have to be augmented or changed out to meet requirements. Also, some carrier facilities would need to be replaced in order to be able to offer expanded calling.

Another area of concern is interconnect company problems when companies have different technology and one or both companies are not willing to augment or change out their facilities.

Interstate/InterLATA expanded calling would potentially result in dialing plan changes.

Generally, if companies work together, technology concerns can be resolved and expanded calling becomes more of a cost/revenue issue.

MCI and MCImetro: Technological implications would involve primarily the dialing pattern of a particular plan. For example, if a LEC were to offer 7- or 10-digit dialing, it may be impossible for an IXC to offer the same dialing pattern. This problem would be heightened in areas where there is no 1-plus intraLATA presubscription. Other technological implications may include call recording, call billing, and measurement of originating and/or terminating access.

MID-MISSOURI GROUP: Generally, with the creation of new NPAs, the advent of local number portability, technological implications and the expense, the continuation of existing ILEC dialing patterns becomes more difficult. If 7 digit dialing patterns are desired for expanded calling plans, all carriers participating in the delivery of the call must have the adequate switch translation ability, the same switch translations and a uniform method of intercompany compensation. This becomes a virtual impossibility to assure in a competitive environment. Local customers may belong to ILECs or CLECs. CLECs may or may not be facilities-based. ILECs may have exiting interconnection terms with one another that differ from the negotiated interconnection agreements between ILECs and CLEC\IXCs. As competitors design packages of services designed for targeted customer bases, it becomes difficult if not impossible to prevent competition from eroding the intended calling scope which can be reached with the intended dialing pattern. Solutions to these types of difficulties will depend on the carriers' facilities and may depend upon the ability of regulators to impose mandatory technology.

OPC: Part of the justification to terminate COS was that present technology was not suited to maintain a two-way calling plan in a competitive environment with multiple carriers and providers. However, if competition does not develop in an area, this technical implication is not an obstacle to providing a two-way local calling plan. In some areas and for some customers, two-way calling is highly desirable and beneficial. In those areas with competition and multiple providers, there may not be a need for a mandatory calling plan. If one is needed, a one way calling plan may be sufficient and acceptable to the customers and still meet their needs so technology is not an issue.

SPRINT: The technological implications of offering an expanded calling plan differ based on whether the service is mandatory or optional and 7 digit dialed or 10 digit dialed.

Mandatory plans generally involve traditional Extended Area Service (EAS) type arrangements where all customers in a petitioning exchange can use 7-digit dialing to make and receive calls from a target exchange. The target exchange customers can also make and receive calls to all customers in the petitioning exchange. Generally, this type of plan is implemented through network trunk group rearrangements and translations changes.

Optional calling plans allow those customers desiring to have additional expanded calling to purchase the offering. Generally, this type of plan is done through billing system modifications that “drop” or “re-rate” the qualifying toll calls from a customer’s bill. One example of this type of plan is the Outstate Calling Area (OCA) plan currently available to all Missouri local exchange carriers outside the MCA.

STAFF: Staff concurs with the position of the Small Telephone Company Group (STCG).

STCG: The specific technological implications of offering expanded calling plans vary depending on the type of plan proposed and its specific features. In general, the implications have to do with network switching protocols and capabilities; recording capabilities; and requirements for various services; carrier billing practices and capabilities, and differences between telephone company serving areas and political boundaries associated with some plans. These technical implications can be better addressed in the context several “typical” types of plans or features that have been considered and/or implemented in Missouri and in other parts of the country.

a. **1+ dialing vs. non-1+ dialing -** Under current switching protocols and practices, use of the prefix 1+ at the beginning of dialing has several implications under normal switch use that may impact the operation of interexchange calling plans. First, the use of 1+ dialing in today’s environment causes the call to be sent to a recording apparatus where the call is recorded for billing purposes (both intercompany access compensation and customer billing). Consequently, the use of 1+ assures that recording takes place for the call. If recording is desirable or necessary to the operation of the plan, this is a positive result. To the extent that recording is not needed for the operation of the plan, this causes additional expense to be incurred to record the call, and may cause further additional expense if additional processing must be done in the billing system to remove these calls from normal processes which would include the calls in access and customer billing.

Use of 1+ dialing also has implications related to the implementation of “presubscription” for interexchange carriers. To the extent that presubscription is implemented in a jurisdiction (interLATA or intraLATA), use of the prefix 1+ automatically routes the call to the presubscribed interexchangae carrier for that jurisdiction. Thus, if the plan contemplates the service being offered by a carrier other than the presubscribed carrier for that jurisdiction, the 1+ dialing sequence cannot be used.

Use of the non-1+ dialing sequence also has ramifications related to recording. Under normal switching protocols, the use of the non 1+ dialing sequence normally indicates to the switch that the call should not be recorded and that it will be carried on the LEC network rather than being switched to an interexchange carrier. Thus, if recording capability is required for the call, use of the non-1+ dialing sequence requires that additional switch capabilities be used to "class-mark" the individual customer to the particular plan being offered and to "notify" the switch that this call needs to be recorded in spite of the lack of the normal 1+ indicator for recording. To the extent that the recording is used for different purposes than normal toll records, again additional processing capabilities may need to be added in the bill processing systems to correctly treat the call recording.

b. **One-way vs. two-way plans** - Historically, the basic design of the telephone network and telephone billing systems, where plan participation is based on individual customer subscription choices, have been developed under the primary assumption that billing will be made to the originator of the call, not the location where the call terminates. Therefore, one-way plans (with the call being billed to the call originator) are much easier to implement from a technological standpoint than are two-way plans (where the "customer" is billed for calls that originate from and terminate to that "customer"). In fact, two-way plans are very difficult to implement, particularly without use of special telephone numbers.

Within the existing network there is considerable capability developed for a one-way plan billed to the terminating customer rather than the originating customer. This involves the use of special telephone Numbering Plan Area (NPA) codes (800, 888, 877, etc.) which indicate to the network that a lookup must be made in a national data base to identify the validity of the number in the area where the call originates and the normal network number where the call will be terminated. The special NPA codes are also used in billing systems to alert these systems that these calls are being handled differently and are to be billed to the terminating rather than the originating location. Use of these systems, however, does not produce a true two-way plan, but a one-way plan billed to the terminating location.

While development and implementation of Community Optional Service (COS) led to the implementation of a Commission required two-way calling plan where customers had the option of participating in the plan, that implementation was accomplished in a complicated fashion. The plan implementation was accomplished not through network capabilities, but through a combination of data exchanges from the subscriber company to the "target" company regarding the individual customers who subscribed to the plan. The "target" companies then were required to build screening tables in their billing systems to remove from billing all calls made from the "target" location to the subscriber. While this was implemented between the LEC companies who participated in COS, it was a cumbersome process and one which interexchange carriers in target locations have indicated an unwillingness to duplicate. Thus, the introduction of intraLATA presubscription in the target locations raises substantial barriers to implementing a two-way optional plan in a multi-carrier environment.

c. **Mandatory vs. customer option** - Telephone network switching is, at the current time, designed around the NPA-NXX being the primary network location identifier with call routing taking place based on those codes. To the extent that plans are mandatory for all customers within the NPA-NXX, it is relatively easy to set certain parameters such as dialing patterns and recording requirements in the switch for usage between various NPA NXX codes. However, when plans are made optional to the customer, implementation of plan features is made more difficult in the switch, although some plan aspects can be done in the switch on an individual customer basis. Implementation of many plan features tend to be more easily accomplished for customer optional plans in billing systems rather than in the switch. Because billing normally is accomplished from the call originator, features on a customer optional basis are more readily available for one-way plans at the originating end of the call.

d. **Metropolitan calling area (MCA) plans** - From a technological standpoint, there are at least two features of the MCA plan that have technological implications worthy of comment. The first is a recognition that the plans currently are based on non 1+ dialing patterns combined with a "bill and keep" intercompany compensation mechanism which does not require that calls be recorded. The current dialing pattern and typical recording protocols are consistent and cause little problem under the present arrangement. However, to the extent that issues related to discriminatory treatment of ILECs and CLECs might lead, in the future, to changes in the compensation mechanism for this service, there may be future technological challenges regarding recording that are not currently being experienced in the offering of MCA.

The second technological issue related to MCA is focused on the current use of separate NXX codes in each exchange area to distinguish MCA subscribers from non-MCA subscribers. While this differentiation by NXX code is a critical element of MCA implementation, it requires the assignment of more NXX codes than would normally be required to serve an area. The development of additional CLECs providing MCA service or the extension of competitors into new MCA areas will cause increased requirements for NXX codes, which, at least in the urban areas of the state, are becoming an increasingly scarce resource. Development of MCA-type plans in other parts of the state will have to deal with the issue of the need for additional NXX codes if such plans use the current concepts inherent in the MCA plan.

e. **Circle-type calling plans** - Circle-type calling plans typically are designed to provide discounted calling (although it may be free local calling) to exchanges within a certain radius of the home exchange. (The Missouri Outstate Calling Area (OCA) plan which allows discounted toll calling to exchanges within 23 miles of the home exchange is an example of this type of plan.) If the plan is a mandatory local plan, the plan can be implemented through the switch by allowing non 1+ dialing for all customers to those exchanges. Depending on plan characteristics, there will likely be additional demand for trunking between the locations. With a mandatory plan, separate trunks groups may be used for the plan traffic. Customer optional plans are typically based on 1+ dialing options with the billing system being the primary tool for determining which calls fit within the calling plan. The billing system then has to contain tables to identify the NPA-NXX codes that fall within the scope of the individual's calling plan and the necessary tables and software to rate these calls according to the elements of the plan.

f. **Point-to-Point type calling plans -** Technological implications related to these plans depend on the specific plan characteristics. Significant differences in the technological difficulties of implementing such plans depend on more general plan characteristics discussed in earlier parts of this section (mandatory vs. optional, one-way vs. two-way). Community Optional Service (COS) is a point-to-point plan with significant technical difficulties in implementing the plan because it is a customer optional two-way plan. Extended Area Service (EAS), while also a point-to-point two-way plan, is much easier to implement from a technological standpoint because it is a mandatory plan in both directions. Generally, customer optional point-to-point plans can be fairly easily implemented, if they are one way plans, through a combination of switch and billing system capabilities.

g. **County-wide or county-seat type plans -** There are significant technical difficulties implementing these plans. The first major obstacle is that telephone exchange boundaries and county boundaries rarely coincide. Thus, while some exchanges may be wholly within one county, others may cover parts of two, three, or possibly more counties. It is even possible that the exchange serving the county seat may have customers from more than one county. If the plan is strictly limited to customers within county boundaries, numerous adjustments must be made either to switching facilities or to billing capabilities in order to limit calling to those customers within the county. Depending on the desired nature of the plan, it may not be technically feasible to limit calls only those customers within the boundaries of a county. A second technical problem that may arise, comes if such plans are a toll-type plan that involves 1+ dialing patterns. With the implementation of intraLATA presubscription, dialing of 1+ directs a customer to the carrier of his choice. Thus, all IXCs offering service in the area would have to be required to participate in the plan if all customers are to have the desired capability using a 1+ dialing pattern. As was indicated earlier in this section, making such plans customer optional and two-way increase the complexity of the technical problems.

SWBT: The provision of any expanded local calling plan may impact a company's switching systems, billing systems, and/or transport facilities. Except for possibly a pure resale situation, some changes would likely be required in the systems currently used by the telecommunications companies if an expanded calling plan is implemented. An expanded calling plan that would be provided as a local service would generally require changes to switches because local services (at least as currently provided by SWBT) are switch-based. Also generally speaking, toll service changes are implemented through the billing system, as would be a toll expanded calling plan. Currently deployed technology in both switching and billing systems is capable of providing expanded calling plans (a discussion of the problems with providing two-way service will follow below).

It is technically feasible to offer either a toll or local dialing pattern with an expanded calling plan. Competitive local exchange companies (CLECs) can offer a local dialing plan using their own switch, purchasing unbundled network elements or reselling the service of another LEC.

There should be no technological implications concerning intercompany compensation.

There could be technological implications as a result of the geographical area the expanded calling plan would cover. In most instances, political boundaries and telecommunications network boundaries do not coincide. Further, absent FCC action, SWBT is confined to serving the IntraLATA market. These issues must be kept in mind when designing the coverage area of the plan.

Technological implications related to optional v. mandatory customer subscription would include capacity problems caused by mandatory customer subscription of the plan and switch memory capacity problems caused by switch-based optional plans, i.e., Line Class Codes. Exhaust dates for switches or trunking could be accelerated as a result of total subscription to the plan.

In a competitive environment, a route-specific two-way calling plan like COS presents technical and/or administrative problems that at this point in time cannot be solved through technology applications. When multiple carriers are offering an optional two-way service it becomes increasingly difficult if not impossible to identify which company is carrying a call if it is made by a customer other than your own subscriber. Moreover, it is likely that a carrier would not want its competitors to know who its customers are and what calling plans they subscribe to. The Commission is familiar with this position from the hearings conducted in Case No. TW-97-333 concerning provision of Community Optional Service. The Commission noted in its order that the existence of numerous companies in the market place would create an ever increasingly complex and burdensome bill processing system and require an entirely new form of intercompany compensation to be created. For those reasons, the Commission should not mandate a two-way expanded calling plan.

Question 4.

What are the company cost and revenue implications of offering an expanded calling plan?

ALLTEL: There are a number of general cost categories associated with offering an expanded calling plan:

1. Billing - Modifications to the company's billing system may be required to properly bill end users for the plan. This would include hardware, software, or any other associated changes, additions, upgrades, etc.

2. Facilities - Depending on dialing requirements, directionality, and usage stimulation, among other factors, additional cost would be experienced in providing network modifications necessary to implement the plan.

3. Administration and training - There would be certain costs associated with the administration and service representative training that would accompany the implementation of an expanded calling plan.

4. Intercompany compensation - Plan traffic exchanged between or among carriers carries an associated cost.

In terms of revenue implications, revenues associated with an expanded calling plan must be tied to recovering the costs outlined above.

BROOKS: Carriers should have the ability to negotiate terms of the exchange of traffic between them. When a CLEC begins to operate in an exchange, it does so under the terms of an interconnection agreement between the CLEC and that exchange's ILEC. Among the many areas covered by an interconnection agreement, the terms of the reciprocal termination of traffic are set forth. In order to terminate traffic to the other LECs in the expended calling area, the carriers should have the ability to negotiate a similar set of terms that are acceptable to the CLEC and the other carrier. However, such an ability to negotiate should not be permitted to operate as a barrier to entry to a CLEC, which could be the case if the CLEC were required to negotiate separate agreements with several other LECs and obtain approval of those agreements by the PSC prior to making the calling scope available to its customers. When a CLEC begins operation in a given mandatory calling scope, it should be allowed to exchange traffic with all other LECs in the calling scope either under the same terms and conditions as the ILEC or under a bill and keep arrangement until the negotiated terms are put into effect.

GTE: Additional company costs would, potentially, be incurred in connection with offering an expanded calling plan. As explained in Q3, based on technology and capacity in an area offering an expanded calling plan, upgrade costs and or cost to augment current technology could be incurred. The capital/expense impact of any expanded calling plan would need to be determined before approval of that plan, as well as the pricing required to recover those costs.

Revenue implications revolve around shifting of toll to local, revenue neutrality, mandatory vs. optional, implicit subsidization, etc. In short, each plan would need to be analyzed independently and individually to determine plan specific cost and revenue impacts.

MCI and MCImetro: The Commission should consider the cost of access that IXCs--as alternative providers of calling scope plans--have to pay the LEC in order to offer service. In fact, a reduction in the high cost of access would eliminate any need to even consider mandatory expanded calling plans. The Commission should bear in mind that to the extent a calling plan is mandatory, the LEC has a larger customer base with which to spread its costs. Conversely, IXCs--and CLECs, for that matter--would have a much smaller customer base available to them to recover their calling plan costs.

MID-MISSOURI GROUP: The Mid-Mo Group has no specific comment at this time. We have already pointed out the specific financial difficulties of continuing mandated MCA service in our request to open a docket to explore the modifications necessary to make MCA service compatible with local and toll competition. The specific financial implications of any particular expanded calling plan would depend on the terms of the plan itself and on every company’s unique financial situation and system capacity.

OPC: It is anticipated that the Commission will limit mandatory expanded calling plans to areas where competition does not develop to provide reasonable and affordable calling to the areas' community of interests. These no doubt will be high cost areas. As a result, any costs that an incumbent local exchange company incurs by offering a mandatory local expanded calling plan in a high cost area would qualify for potential recovery from the MOUSF.

SPRINT: The Commission should evaluate company specific cost changes, including revenue losses, prior to requiring any new expanded calling plans. Revenue impact calculations should include, but not be limited to, losses from switched access, long distance intraLATA toll, billing and collection and operator services. Other costs that should be analyzed include billing system modifications and network facility costs.

STAFF: Staff concurs with the position of the Small Telephone Company Group (STCG).

STCG: Major factors, including company costs and revenues when an expanded calling plan is offered, include the following: 1) Whether the plan is offered within one company's exchanges (i.e. intra-company) or between the exchanges served by two or more companies (i.e. inter-company); 2) If the plan is offered on an inter-company basis, what is the nature of the inter-company compensation; 3) revenues lost as a result of the plan introduction; 4) revenues gained as a result of the plan introduction; 5) additional network and facility costs necessary to support the plan; 6) costs of billing system programming to introduce the plan; and 7) changes in administrative costs such as customer contact, processing of billing, etc. that result from the plan. Depending on the specific plan proposed or offered the interaction of these items will vary based on the plan and the specific company circumstances related to various components of the plan. A closer look at each of these factors is warranted.

1. Whether the plan is offered intra-company or inter-company - This factor is closely related to the second item, and is a major factor impacting the financial results of the plan. If the plan is only offered on an intra-company basis, the issue of inter-company compensation is moot. Financial ramifications will revolve primarily around the revenue lost from loss of current service offerings as compared to the

revenue from the new offering, plus changes in ongoing administrative and network costs. Unless an imputation test is required by regulatory order, internal network costs will have primarily indirect impacts on the overall profitability of the company.

2. If the plan is offered on an inter-company basis, what is the nature of the inter-company compensation - For plans involving more than one company, the design of the inter-company compensation is a major factor in determining the financial impact on the company responsible for paying compensation to other companies for the use of their facilities. This is particularly true if the compensation is based on actual usage of the facilities. Inter-company compensation is generally based on one of three major options: 1) bill and keep, 2) non-minute based (i.e. flat rated), or 3) minute-based (i.e. usage based) compensation.

Bill and keep compensation basically involves each party billing end users customers and keeping that revenue and not directly exchanging compensation for the use of the others' facilities. It is based on the assumption of a "compensation-in-kind" with each company performing the terminating function for the other with traffic assumed to be relatively even in both directions. Bill and keep is the current mechanism ordered by the Commission for use in the MCA plan and is used in some cases in interconnection agreements. The major concerns about using a bill and keep mechanism are that the exchange of traffic may, in fact, not be balanced at all, that different carriers may have different cost characteristics, and that it may be discriminatory for different carriers in a competitive environment when different competitors carry different kinds of traffic.

Non-minute based compensation is used in some cases for intercompany compensation and is based on other usage factors than strict minute usage. This may be an effective compensation means when dedicated facilities are used for carrying the traffic between companies. The main advantage of this compensation method is that it is not so variable as minute-based compensation and provides more stability to the paying company, particularly where the company is receiving flat-rated revenues from end users. The main disadvantages are that most facilities used in interexchange calling plans are not dedicated and therefore not amenable to this type of compensation. It is also difficult to administer such compensation in a competitive environment where different competitors are generating significantly different amounts of traffic.

Minute based compensation is the most frequently used means of intercompany compensation. It is the basis for access compensation used in the interexchange carrier environment and is a familiar mechanism. It is also generally deemed to be less discriminatory between competitors since the amount of compensation paid is directly related to the traffic generated. It's major drawback is that it makes it difficult for the parties paying to successfully develop and implement a flat-rated end user plan since usage above the average used to develop flat-rated plans causes a direct financial loss to the party providing the service. With usage changing rapidly with the increasing use of internet services, this type of compensation is particularly challenging to use in conjunction with a flat-rated end user rate.

3. Revenues lost as a result of the plan introduction - Introduction of many interexchange calling plans results from taking traffic designated as toll traffic today and changing it to some other type of traffic. With today's compensation for interexchange toll traffic based on minute-based compensation and access rates that generate significant amounts of revenue, the loss of this revenue is substantial and can have a major impact on the company's financial well being. This problem is made particularly difficult by the relatively high level of access rates today and the significant dependence of most companies on access revenues as their major revenue stream.

   Proposals to reduce access rates in other proceedings such as rate cases, earnings investigations, rate rebalancing proposals, or revenue neutral offsets to MoUSF funds will reduce the impact of revenue losses from the introduction of other calling plans and the costs of terminating the service in other companies' exchanges thus making implementation of calling plans more financially feasible.

4. Revenues gained as a result of the plan introduction - Revenues generated by the newly developed plan are another major factor in determining the financial viability of the plan and of the company.

Unfortunately, the primary end user motivation for new plans is to decrease the cost of the interexchange service. This means that the ultimate end is for the company to receive less money than it is currently which obviously impacts the company's financial well-being. A second major objective is for the end user to be paying a fixed amount per month, i.e. a flat-rate. While increasing customer satisfaction with a flat-rate is a worthwhile objective, if it is combined with a minute based intercompany compensation system, the company is put in a position of greater risk of receiving financial harm from increased usage. The balancing of customer desires for flat-rate end user rates and the company's need to recover sufficient revenues to cover minute-based compensation is one of the very difficult balancing acts of developing such plans. This is particularly true if there is concern, as there typically is today, with the increasing access to internet services, if the change to a flat-rate end user rate will lead to a significant change in usage of the system.

5. Additional network and facility costs necessary to support the plan - Introduction of most calling plans that are successful from a customer standpoint involve giving more service for less money. This generally increases the usage that customers make of the plan, and, with a flat-rated plan, this increase may be substantial, enough to require the addition of network facilities to handle the traffic. Certain types of plan features may also require specific additional network facilities. While in a digital switch and fiber interoffice network environment, these costs are likely to be less than they were under previous technology, they may be substantial and should be a part of the overall evaluation of the financial impact of the plan. It should be pointed out that increased facility requirements for inter-office facilities, for plans implemented by small telephone companies, will often fall on the major LECs in the state since the small companies own a relatively small portion of the interoffice facilities.

6. Costs of billing system programming to introduce the plan - The significance of this cost depends on the nature of the plan and unique features that it may involve. Billing systems of carriers have significant flexibility and can be modified with relatively little cost to meet many types of plans. However, plan features such as those caused by two-way plans and/or county-wide plans may require

significant new billing capabilities to meet billing requirements based on individual customer numbers and could cause significant new billing system capability costs in order to implement the plan.

7. Changes in administrative costs, such as customer contact, processing of billing, etc. that result from the plan - In the development of most plans, these costs also are not a significant addition to company costs and it may not be necessary to attempt to quantify them. However, the requirements of some plans may add significantly to the administrative requirements of the company or the billing processing. In these cases, such changes should be given consideration in developing the financial impact of the plan.

SWBT: Both cost and revenue will be affected by the design of the plan, i.e., whether the service is local or toll, how it is dialed, the coverage, the price and whether it is mandatory or optional or one-way or two-way. Many of these items will affect the take rate of an optional service which in turn will affect both cost and revenue. It is not possible to discuss the specific effects without knowing the design of the plan.

What can be discussed now is the need for any plan to have a subsidy-free design. Prices must cover relevant incremental costs. Implicit subsidies cannot be supported in a competitive environment. Also, where companies can document revenue loss resulting from implementation of a Commission mandated service, some revenue neutrality mechanism should be considered as part of the plan.

Question 5.

What are the customer impacts of offering an expanded calling plan?

ALLTEL: Expanded calling plans are generally viewed as beneficial to customers. Traditional extended area service (EAS), for example, allows customers to make unlimited flat rate calls to an exchange that would otherwise be a toll call. That is certainly beneficial to a customer that makes many calls, but the benefits diminish to a customer that makes few, or no calls, to that exchange. As a subsidized pricing plan, EAS distorts pricing signals for customers. Complaints by customers that calling to exchange “A” is “free,” but calling to exchange “B” is not, are heard throughout the industry. The reality is that the cost of subsidizing EAS falls to customers who receive no benefit.

Any new expanded calling plan must stand on its own in terms of non-subsidized pricing. This is particularly important in small or rural exchanges where the customer base over which costs are spread is limited. Additional expanded calling plans should not increase existing upward rate pressure in rural areas.

GTE: Expanded local calling offers a competitive alternative for calling outside of the customer’s usual home and EAS exchanges; however, the plans should be based on market demand. Market forces, rather than mandates, should be allowed to determine expanded calling scopes. Expanded local calling provides the customer with simpler 7 or 10 digit dialing to a larger calling area. Other services the customer has, such as call waiting, caller ID, etc. should not be affected by expanded local calling.

It’s important to note that every plan would need to be reviewed for cost and revenue implications. Again, market forces, not mandates, should be allowed to determine expanded calling scopes. Under the new market-based telecommunications paradigm, more flexibility will be required as the marketplace and consumer demand become driving forces in the development of telecommunication pricing and structures, including those of expanded calling scopes. The ability of service providers to respond to consumer demand by offering options, as opposed to mandates, will ensure that actual demand is satisfied and economic efficiency is optimized.

MCI and MCImetro: Customers benefit from various product offerings available in a truly competitive market. Mandatory plans force undesired "benefits" on consumers and typically compel the many to underwrite costs caused by the few.

MID-MISSOURI GROUP: Expanded calling plans can have both positive and negative impacts on customers. Regardless of which type of expanded calling scope plan is used, there will always be some customers who do not benefit from the service. For this reason, among others, decisions about expanded calling scope should be resolved on an exchange-by-exchange basis to provide a better "fit" between a particular plan and a particular customer base.

When plans are imposed upon a company's present customer base, one group of customers may benefit at the expense of another. In the future, mandating plans with such results will adversely impact that company's ability to survive in a competitive market. Customers dissatisfied with paying for a service that is not beneficial to them will have strong incentives to leave that company. Such exit erodes the financial design upon which the service was based, thus creating financial pressure to increase the rates for the service itself. As the price increases customers will be driven to terminate. This creates a dual negative impact: the service does not fill the perceived demand for which it was designed in the first place; it creates pressure to financially harm the company and the customer base of that company.

Another important concern in the discussion of expanded calling scopes is its ability to replace COS. Rural customers who may soon lose COS that they need and desire may enjoy the availability of an increased calling scope under a mandated plan. However, the cost may be prohibitive and the calling scope excessive and unnecessary. By forcing rural exchanges to provide interexchange service in conjunction with a particular expanded calling scope plan, local rural customers who do not need expanded calling service will see an increase in their local calling rates to account for the new service to be provided by their local exchange. The new burden imposed on rural companies will be passed on, at least in part, to the rural customers. As a result, the rural consumer may see an increase in local rates to support an expanded service that is unnecessary or undesired for that particular customer.

Forcing a particular expanded calling scope service in local rural exchanges may force them to operate in an inefficient economic situation where the increased benefit to consumers is not equal to the ancillary increase in cost. The costs resulting from a forced economic inefficiency will be a burden borne not only by rural consumers, but also by urban telephone customers and the Missouri economy as a whole. Urban telephone consumers may see an increase in their rates to account for the unprofitable service in rural areas that the MoUSF may be forced to subsidize. This cost of inefficiency, paid for in part by the MoUSF, distributes the inefficiency and cost throughout the entire Missouri economy as all telephone customers pay increased rates or sacrifice other services to subsidize a forced rural service.

The type of calling plan offered will also be a consideration impacting rural customers. Any plan based on geographical exchange boundaries, even LATA-wide access, may be ineffective for customers residing near the calling area borders who wish to call a short distance across a calling scope border. A calling scope based on a radius area around the caller's location, around the caller's exchange or the extension of an exchange's local calling scope to all contiguous exchanges would better ensure that every telephone consumer receives comparable calling scopes. However, the cost of providing such a radius-based service will, again, create significant economic inefficiency in certain areas, particularly rural areas.

OPC: The customers served by such calling plans would probably be located in high cost areas and in rural areas. These customers will benefit from expanded calling plans since it is unlikely competition will provide the needed service and fulfill the goals of Section 392.185, RSMO for urban/rural parity, widely affordable and reasonable rates and protection of the public interest. In addition, the customers will benefit from having access to modern telecommunications thereby creating an equal opportunity for these areas to compete for economic development with the more urban areas. Such plans can go a long way toward reducing the gap between the telecommunications "haves" and "have nots."

SPRINT: End user customers are the true beneficiaries of the increase of expanded calling plan offerings. Traditional mandatory plans allow all customers in an exchange to have flat rate calling to a community of interest for some increase in their local rate. All customers in an exchange must fund the plan and yet the high usage residential and business customers reap the most benefit. The end result may be that the majority of the exchange customers end up paying higher rates to benefit the smaller number of high usage customers.

Optional expanded calling plans provide choices to all customers in that high usage customer can purchase the plans, but low usage customers that don't have a calling need are not forced to directly pay for services that won't be used. Of course, the losses must still be made up and even low usage customers may be forced to pay through other indirect costs.

The price to the end user benefiting from the expanded calling plan should be set to recover all costs, including revenue losses, without placing undo hardship on those other customers that do not directly benefit. Should the Commission determine that an expanded calling plan can not be implemented at a compensatory rate then other funding should be made available from either the large LECs 10% toll reduction under 392.245.9 or the Missouri Universal Service Fund. Section 392.245.9 requires large incumbent local exchange carriers to reduce their rates for intraLATA interexchange telecommunications service by at least 10 percent at the same time that the LECs do rate re-balancing. Rather than simply reducing the MTS basic rate schedule the full 10%, some of the reduction could be used to create expanded calling plans that decrease revenues.

Competitors that do not meet the criteria either for receipt of funds from the Missouri Universal Service Fund or as a large LEC as defined in 392.245.9 should not be required to offer expanded calling services.

In all cases, the Commission should refrain from increasing access charges to fund additional expanded calling plans. Increasing switched access charges would only serve to increase the LEC's lost revenue of future plans, raise the level of underlying costs that other toll service prices must exceed and generally put upward pressure on toll prices, thereby exacerbating the problem.

The Commission's decision in classifying a service as local or toll has ramifications to the final end user price. Traditionally, all long distance services offered by a LEC, taken as a whole, must have revenues that exceed the combination of the LECs underlying access imputation costs and any required access expense paid to others. Conversely, for some services that were previously defined as toll, but may become local, the Commission is reviewing a different cost basis, long run incremental network costs, that revenues must exceed. Services such as SWBT's Local Plus and GTE's Extended Reach Plan have already brought these issues before the Commission.

STAFF: Staff concurs with the position of the Small Telephone Company Group (STCG).

STCG: The general intention of developing expanded calling plans to replace intrastate toll service is to provide greater calling at a lower price than is currently available under various toll tariffs. If toll prices were completely satisfactory to customers, there would be little need for alternative calling scope plans. Thus, the general impact of specific calling plans is intended to reduce the price and increase the calling availability to customers. While this is the general intent and direction of developing expanded calling plans, there are some deviations from impacts on individual customers depending on the nature of the plan and its financial impact on the company.

While the general customer desire in developing expanded calling plans is to reduce the overall cost of calling for individual customers, experience has shown that there is a powerful additional characteristic that customers desire. That characteristic is certainty of cost. Experience in this state with several plans has shown a clear customer desire to have flat-rated plans. When such plans have been implemented (COS, MCA) on a customer optional basis, companies usually find that there is a group of customers that purchase the plan even though it may not be the least expensive option in regard to their overall calling habits. It is generally conceded that there is real economic value to the customer to have the certainty of a flat-rate price, a value that is over and above the actual communications services that are purchased. Thus, in some cases, customers will choose to purchase a flat-rated service even though the cost is greater than a usage based plan.

Implementation of customer optional plans generally are expected to impact only those customers who choose to participate in the plan. While the direct impact of a customer choice is primarily focused on the results of that choice, the introduction of new calling plans which, in fact, reduce the customer cost within the identified calling scope frequently have either direct or indirect impacts on the overall body of subscribers. To the extent that there are real cost savings to customers as a result of the introduction of an expanded calling plan, in order to maintain the financial viability of the company there may need to be adjustments in prices for other services to recover the revenues lost as a result of the change in pricing for services encompassed in the new calling plan. These may come directly as "revenue neutral" offsets to the implementation of mandated plans, or may come more indirectly from future company actions to bolster revenues through a rate case proceeding. The more direct these impacts are, the less easy they are to explain to the customers who are affected by the offsetting rate increases. From a customer viewpoint it "isn't fair that I get an increase in rates so my neighbor can have a decrease in his rates."

The implementation of mandatory calling plans has a more direct customer impact on all customers than do optional plans. Typically when the mandatory calling area for all customers is increased there are customers who benefit based on their calling habits and others who do not because of their generally low calling to the new location within the calling scope. The balancing of the greater needs of the community by spreading the cost of the increased calling scope across all customers with the needs and desires of individual customers who will help pay for the calling scope but don't have individual calling needs to that area are difficult decisions for regulators to make.

SWBT: The desired customer impact of an expanded calling plan would be one of fulfilling the customer's need for additional services. Ideally, the customer would be faced with a variety of choices from which he or she could choose to fulfill his or her needs.

SWBT believes that customers want expanded <u>local</u> service that can be dialed using a local dialing pattern, not a less expensive toll service that is priced on a usage sensitive basis or block of time basis. The customer impact of an expanded <u>local</u> plan would be greater subscribership. Likewise, the more flexibility the customer has in designing his calling scope, the more positive impact the plan will have. While there are apparent communities of interest, many of which are already under some sort of expanded calling plan, there is also a great demand for customers to establish their own expanded calling scope.

But not all customers want or need to expand their local calling scope. This can be seen from the failure of many proposed EAS routes to be voted in by customers; and the failure of many proposed COS routes to pass the Commission established calling criteria. And this is one of the problems with making an expanded plan mandatory for customer subscription. It eliminates customer choice. It also forestalls creation of other expanded offerings that may also fulfill customer needs. An optional plan enhances customer choice and does not inhibit other companies' efforts to market similar services.

While two-way operation was one of the features of COS, in a competitive environment, it is a problematic feature to provide. Accordingly, the Commission should not give serious consideration to any two-way plan, either optional or mandatory. Rather, should the Commission proceed with the establishment of an expanded calling plan, it should consider substitutes for two-way services such as one-way services that would be available to all customers. Competition among several providers offering customer-oriented expanded calling services is the surest means of creating sustainable calling services that are useful to customers.

Question 6.

If cost recovery and/or revenue neutrality is necessary, how should any cost recovery/revenue loss be achieved?

ALLTEL: Any cost associated with expanded calling plans should be recovered from users of the plan. As noted previously, subsidized pricing plans send distorted signals to customers. Should the Commission adopt a plan or plans that could not be supported by those who directly benefit from it, an explicit subsidy mechanism, such as the Missouri Universal Service Fund, could be considered.

GTE: Cost recovery/revenue neutrality should be achieved on a sufficient, predictable and competitively neutral basis. To that end, the Commission should develop an appropriate rate element or surcharge targeted specifically to recover the costs associated with the implementation and/or operation of the plan. Depending on the details of the plan, appropriate consideration should also be given to whether cost recovery/revenue neutrality should be accomplished, in whole or part, through a state universal service fund.

MCI and MCImetro: Revenue neutrality, as a general concept, is anathema to competition. Indeed, it is curious, but by no means surprising, that some companies essentially argue “deregulate me but protect my revenues” by advocating “revenue neutrality”. Revenue neutrality protects an incumbent LEC’s revenues without any regard to the underlying cost of providing the service. In any event, if the concept of revenue neutrality is a factor in determining whether to mandate a particular calling scope plan, the Missouri Universal Service Fund should not be available as a cost recovery mechanism or a “make whole” vehicle for LECs to recover their costs of offering expanded calling scope plans. The Missouri USF should be used to subsidize high cost areas, not to subsidize various calling plans which go beyond “basic local service.”

If a particular calling scope service is priced below cost--including the price of access which out of necessity alternative providers such as IXCs are required to pay in order to offer a calling scope product--the service should be repriced to recover its costs.

MID-MISSOURI GROUP: Revenue neutrality is necessary for rate of return companies. If a company’s current financial structure would be affected by the structure and terms of a mandated calling plan, revenue or earnings neutrality must be preserved. The specifics of how to achieve neutrality will vary based upon the particulars of the calling plan and the exact financial situation of the company impacted by the plan.

The Commission should not foreclose the possibility of resort to the MoUSF for support of any changes deemed necessary to make an expanded calling plan available. The MoUSF is designed to support essential local services. If the restructuring of implicit high cost local rate subsidies away from small company access rates to an explicit funding mechanism takes expanded calling into account, it may be necessary and useful for the rate rebalancing to include a consideration of MoUSF receipts. The MoUSF may be a means to distribute the cost of essential expanded local calling services necessary for adequate service in high cost rural areas among all Missouri telephone companies and consumers.

OPC: These issues are being addressed in the context of the MoUSF docket and further can be addressed in the traditional rate design methods or under the provision of price cap regulation statutes.

SPRINT: The Commission should look first to local rates and rate additives to make up any lost revenues from a mandated expanded calling plan. The end users benefiting from the service should pay all of the costs associated with the service before expanding the burden to ratepayers not directly benefiting from the service. Section 392.245.9 toll reductions described under Question 5 may provide another funding mechanism for large LECs.

Cost recovery and/or revenue neutrality should be available to any company mandated by the Commission to provide an expanded calling plan that is not paid by customer rates. Revenue neutrality and/or cost recovery should be granted only if the Commission orders implementation of an expanded calling plan that results in lost revenues or additional costs, but not for company initiated price changes or competitive losses. Equally, any revenue neutrality or cost recovery previously granted should be reversed once a plan is discontinued.

The Missouri Universal Service Fund may also provide funding for expanded calling. Unfortunately, it does not appear funding will be available from the Missouri USF in the near future. First, there is still a significant time lag before the fund will be operational and initially funded by the contributing parties. Second, only those carriers that have been certified as carrier of last resort are eligible to receive disbursements from the fund. Third, per the Missouri USF rules, any funds requested from the Missouri USF must be used to provide either essential local telecommunications service or to support low income and disabled customers. The commission would need to make a determination that any new expanded calling plans are essential telecommunications services prior to funds being available from the Missouri USF. It would be difficult to argue that an optional calling plan is “essential” but not “basic” which means that any funds from the Missouri USF would need to support a mandatory calling plan.

Under no circumstances should access charges be increased to fund additional expanded calling as this only serves to raise the cost for other long distance customers.

Any inter-company reciprocal compensation rates and charges used for the implementation of expanded calling plans should be consistent with approved interconnection agreements to ensure competitive neutrality.

STAFF: If revenue neutrality is required, Staff believes that it would be best accomplished by individual companies submitting their plans to the Commission for consideration. Any Commission ordered expanded calling plan will have varied effects on the company or companies involved. These cost and revenue impacts would be difficult to handle both as a whole and in the abstract. It would be more practical and focused if these impacts could be considered company by company.

It has been suggested that the Missouri Universal Service Fund could "pay for" revenue shifts brought about by implementing expanded calling scopes. Three approaches might effect how the fund operates. First, if exchanges are consolidated, then the new, larger, exchange is now the "single" exchange and will be the element of costing for the Missouri Universal Service Fund. Second, a mandatory local calling scope might be created. And third, if the definition of "basic service" found in Missouri statutes and Commission rules is expanded to encompass more than one exchange, it is possible the cost of the newly expanded calling scope might calculate into the high cost section of the MoUSF. However, the fund is designed to address "high cost" areas, not cover revenue shifts. None of these three approaches may cover the revenue shifts that would inevitably occur from developing additional expanded calling scopes. The "cost" of actually implementing an expanded calling scope may not be significant in comparison to the revenue shifts. There may be significant loss of access revenues from toll traffic being converted to local. It is unclear how revenue neutrality could be accomplished with the MoUSF with the current statute and rule.

STCG: As discussed in response to question #1, from a legal standpoint the Commission is required to allow revenue neutrality when mandating that a new calling scope plan be implemented. The hard facts of this requirement are that to the extent that implementation of a calling scope plan is required by the Commission, revenues from other rates charged by the company for its regulated services must be increased to offset financial losses resulting from the required implementation of the calling scope plan. The difficulty of determining where to place this shifted financial requirement increases relative to the size of the financial requirement. Also in a more competitive environment pricing increases on other competing services may not be a realistic option.

In general, much of the pricing of regulated telephone services has not been based on cost considerations. To the extent that services have been based on cost at a given point in time, in some cases, the passage of time since the establishment of the rates and changes in technology have led to changes in cost so that the once cost-based rates may no longer reflect current costs. Furthermore, since many, perhaps most, telephone services are provided by plant that is used to provide other services as well, there are well known and difficult issues related to the allocation of costs or the determination of appropriate contribution levels from various services to the shared costs of providing those services. The determination of which services should bear the increased revenue requirement should, at least to a significant extent, be based on a review of the current rates for services in comparison to the current costs of providing those services. Public policy and customer impact evaluations will also need to be considered in making such determinations.

To the extent that there is an imbalance between the current rate structures and the underlying cost of providing such services, the size of revenue neutrality requirements will tend to be larger. Thus, the difficulty of these revenue neutral adjustments can, in the long-term, be lessened by greater Commission attention to bringing customer rates into line with the underlying cost of the service in any proceeding where rates are subject to review.

SWBT: It is imperative that the cost of implementing any calling scope plan should be recovered and any plan that is mandated by the Commission should be implemented such that the companies providing the plan do not suffer any net losses resulting from implementation of the plan. The revenue generated under a new

Commission-mandated plan should at least equal the revenue requirement impact of additional investment, expenses and net revenue loss from existing services.

Missouri USF:

It would be inappropriate to recover revenue losses *per se* from the Missouri USF (USF). The USF, is by law, limited in the services which can be funded. In the calculation of the potential subsidy only essential local services can be funded. And any funding is, by rule, sized according to a specific formula (cost minus a just, reasonable and affordable benchmark rate). There is no provision for including revenue losses from an expanded calling scope plan in the equation that determines the size of the USF.

The Commission may, however, achieve this objective at least in part through the USF. The rules currently contemplate that a high cost company receiving a subsidy from the USF must reduce some rates to reflect the additional subsidy payments. The Commission could use the support that a company would receive from the USF, according to the prescribed USF rules, in the overall computation of revenue impacts from the creation of an expanded calling scope plan. For example, if the Commission mandated a plan that would cause a company to lose $100 and the company was to receive $150 in new USF support, the Commission may be able to prescribe that some of the $150 USF support be used to offset some or all of the $100 revenue loss. USF high cost funding could also be used to reduce access charges which would increase the likelihood that competition will develop new plans to address customer demands for expanded calling scopes.

Local Rates:

It may be appropriate to raise the local rates of the customers that would be subscribing to an expanded local calling plan depending on the specifics of the particular plan that was being implemented. For example, if the Commission were to order a mandatory expanded calling plan for certain communities, then it may be appropriate for the local rates in those communities to be increased to offset the costs and any revenue losses associated with implementing the expanded calling plan. But if the calling plan is not mandatory, it would likely not be appropriate to increase the local prices of those customers that do not subscribe to the expanded calling plan because of the resulting subsidy that would be created.

Additives:

As with local rates, it may be appropriate to charge rate additives to those customers subscribing to the plan depending on the specifics of the plan. This is how the current optional MCA services work in St. Louis, Kansas City and Springfield. Customers subscribing to optional MCA service pay an additive on top of their basic service rates. It would likely not be appropriate to charge rate additives to those customers that do not subscribe to the expanded calling plan because of the resulting subsidy that would be created.

General Assessments:

A general assessment would not be an appropriate method of providing revenue recovery. Aside from concerns as to the lawfulness of such a funding mechanism, attempting to fund an expanded calling plan through some sort of general assessment would result in a complicated and bureaucratic process that would be inefficient and unnecessary. It would result in some customers subsidizing other customers and could result in some companies' customers subsidizing the customers of other companies.

Access:

Increasing access prices would likely not be an appropriate method of providing revenue neutrality. Many LECs already have high access rates and further increasing them only exacerbates the current problem. However, in the event that a company were to achieve a revenue windfall from implementing an expanded calling scope plan, it may be appropriate to reduce access prices as a means of lowering a company's revenue level to maintain revenue neutrality. And as indicated in the USF section above, USF high cost funding could be used to reduce access charges which would likely help spur competition to develop new expanded calling scope plans.

Other Means of Recovery:

Generally, and depending on the specifics of any proposed plan, the end user customer that subscribes to any proposed expanded calling scope plan should be responsible for the cost associated with implementing the plan. Potential revenue losses associated with implementing the plan have an impact on the company and should be considered as well.

Question 7.

Are there additional implications to be considered when evaluating expanding calling scopes?

ALLTEL: There are certainly many complexities associated with considering expanded calling plans. From a competitive perspective, particular attention must be paid to the service providers that could be either positively or negatively impacted by new mandates. The objectives of developing a competitive environment must be maintained without disadvantaging service providers. Emerging technologies need to be considered. Internet access, for example, has had a tremendous impact on network and calling scope issues. While the burden of addressing internet access has fallen more on telecommunications service providers than internet service providers, because it is the former and not the latter who are regulated, avenues besides expanded calling scopes to address internet access must be explored.

Urban versus rural considerations must be included in evaluating expanded calling scopes. There may be inherent differences in the telecommunications markets in those areas that will require different treatment in evaluating expanded calling plans.

GTE: We do not know of additional issues at this time but will bring them to the attention of the technical committee as they arise.

MCI and MCImetro: 1+ intraLATA presubscription will greatly enhance customer choice of various plans and providers in the short-haul toll market, because calling scope plans, however classified, are really a substitute for toll. Access reductions will result in toll rate decreases (including through the offering of competitive calling plans) that will also benefit customers more than mandatory plans, both for voice traffic and for other traffic including Internet access.

MID-MISSOURI GROUP: Several other issues should be considered in evaluating expanded calling scopes. Some of these issues are as follows:

a) Internet access for rural customers - many rural consumers may have to rely on expanded calling scopes to obtain internet access. In addition, expanded calling scopes will increase competition and the quality of internet access providers.

b) availability of data and analysis - One primary concern underlying any decision to offer an expanded calling scope in any exchange must be the efficiency from an economic standpoint of the increased service compared to the increased cost. Expanded calling scopes in rural exchanges and the imposition of interexchange duties on secondary carriers will unquestionably create significant economic inefficiencies impacting the Missouri economy. Before imposing any mandatory or encouraging any voluntary expanded calling scopes, studies of the most efficient means for each area of service should be conducted. However, in the future the ability to collect and analyze such data will or may be eroded as the CLEC and IXC competitors may not retain this data at all, may not retain it in a standardized format upon which expanded calling scopes have been traditionally analyzed, or may not provide it at all for reasons of proprietary protection.

c) consideration of future innovations and more fundamental solutions

d) experience of other states - Are there any state systems in a situation similar to that of Missouri where expanded calling plans have been mandated? What were their experiences?

OPC: The expanding calling scope issues go to the heart of the Missouri economy. The thrust of telecommunications competition is to bring better service, more choices and lower prices to Missouri customers, no matter where they are located. Competition fails the rural customer and fails Missouri if it results in rural customers receiving a reduced or inferior level of service as compared to their urban counterparts and having to pay dearly for a service the state has designated as a key public utility. This is not a question of subsidy, but is an issue of one network and one economy, both of which are interrelated and integral to the other parts. Missouri rural communities are the backbone of the state economy. Agriculture or agricultural related fields provide one out of 6.6 Missouri jobs. The rural areas are also home to a significant portion of Missouri’s expanding tourism business. If rural areas are to compete for new industry and attract economic growth to Missouri, they must be equipped with modern telecommunications at affordable and reasonable prices.

SPRINT: The Commission should consider two other implications when evaluating expanded calling plans. The first is the ability for all competitors to technically provide state specific, route specific expanded calling plans. Any mandate that requires interexchange carriers or CLECs to offer, for example, a 23 mile calling plan for customers may be overly burdensome in that the IXC's billing systems and back office operations are not designed to support these niche type plans. This may serve to provide a barrier to entry. The clear alternative is to ensure 1+ presubscription is implemented ubiquitously and allow competition to meet the needs of customers.

The second implication involves end user ability to access the Internet on a local or low-cost flat rated basis. Each local exchange carrier should be free to propose its own solution to bring affordable access to the Internet for its customers. The Commission should judge the individual company proposals on their merit and approve those specific plans that fulfill customer needs.

STAFF: Staff concurs with the position of the Small Telephone Company Group (STCG).

STCG: One of the key issues that the industry and the Commission must be aware of in evaluating and considering expanding calling scopes is the impact that demands for access to internet providers may have on the network and on these plans. Usage of the internet is soaring as penetration of computers into homes and businesses continues and as an increasing number of services are offered via the internet. Internet availability is becoming an increasingly important factor in education, in community development, and in communications. For the telecommunications industry the use of the internet signals increased demand for communications services and data transmission, but it also contains significant challenges in terms of industry pricing and network usage. Customers consider local flat-rate access to the internet a virtual "constitutional right" and are demanding that such access be made available through local calling, through expanded calling plans, or through flat-rated toll plans such as Southwestern Bell's Designated Number plan. At the same time, internet usage is placing new demands on the network since network usage is very different for internet communications than it is for voice communications. Individual connections tend to be many times longer, increasing requirements for switching capabilities and for local loops. In addition, with flat-rate pricing there is no incentive for limiting the length of a connection, so many users leave their computers connected for hours on end, some times twenty-four hours a day. While this is convenient for the internet user, it uses telecommunications networks fairly inefficiently. Use of the network in this fashion where minute-based inter-company compensation is being paid by the telecommunications provider can be very costly.

In reviewing the need for and rate structures of proposed plans to increase calling scopes, the Commission needs to be aware of the concerns that unlimited internet usage may have on the financial impacts of such plans. While some plan proponents may still find flat-rate plans acceptable in an internet environment, others may find, perhaps increasingly so, that some type of usage limitations must be included in plans to give users economic signals to only stay connected when it is necessary.

In considering the implications of the need to increase calling scopes, the Commission needs to also be aware of the impact that decisions in other cases may have on the availability of internet services via a flat-rate type customer billing option. In Case No. TW-98-155 the Office of the Public Counsel prepared a schedule early in 1998 from a number of sources showing the availability of internet service via flat-rate telecommunications services. That study showed that the vast majority of exchanges in the state currently had access to the internet through such services. The Commission's decision to terminate Community Optional Service (COS) and to terminate the PTC plan will have significant impact on these flat-rate calling options for small companies since in many of their exchanges, the flat-rate access to internet service was available either through COS or through SWBT's popular Designated Number plan (where a residence customer can call one number in the LATA for a $15.00 per month flat fee). Termination of these two plans in secondary carrier exchanges will add to pressure to adopt alternative plans which can reach internet providers. Demands for such plans may somewhat be offset by internet providers entering additional smaller markets since the OPC's study was completed.

Question 8.

What concerns are raised by different possible expanded calling plans?

ALLTEL: Each particular type of expanded calling plan has associated concerns or problems. ALLTEL does have a general concern, however, with any expanded calling plan that contains "unlimited " usage. Although popular with end users, "unlimited" calling plans not only send distorted pricing signals to customers, but they also create facility and intercompany compensation problems for service providers. Any expanded calling plans considered should contain some type of usage sensitive or "capped" usage element.

GTE: MCA type plans were designed by the telephone industry based on a Missouri Commission mandate. It is a revenue neutral, bill and keep type of arrangement. In a competitive environment, with potential volatility of carriers in a given area, such a design may not be possible in the future.

Circle-type plans are viable plans in a competitive environment. They can be an optional plan with the originating company responsible for the originating traffic of its own customers. As such, they are consistent with an ORP arrangement as well as a multiple carrier environment. They can also be a one-way traffic arrangement.

Two-way, point-to-point plans, such as COS, are not viable in a competitive environment. A one-way plan, such as GTE's ERP plan, could be implemented, but, generally, these plans have limited appeal given the specificity of the calling pattern.

County-wide/county seat plans have initial appeal, but are quite difficult to implement. County lines and exchange boundaries do not match and the result is either the need to go beyond the county line or shut out some customers in an exchange for having the plan in a given county. Another issue is that some counties are bisected by a LATA boundary resulting in the inability of a Bell company to provide such a plan.

An exchange consolidation plan assumes a mandatory arrangement in which all customers would have a rate change. It assumes a revenue neutral calculation based on toll and access being converted to a new local rate including the average of existing local and EAS rates. Problems revolve around the placement of a new rate center, averaging local rates and the fact that many customers in the area may not want the expanded calling area, but will be required to pay for it anyway.

MCI and MCImetro: Generally, MCI does not favor Commission-mandated calling scope plans. The competitive market and consumer demand should dictate which product offerings are made available by companies. Any mandatory expanded calling scope represents a potential barrier to entry and deterrent for competition. Artificial classifications of toll or local which ignore the statutory definitions that underlie company certifications can prevent companies from providing services they are in fact authorized to provide. Such plans can result in a mismatch between traffic and intercompany compensation methods, discriminatory dialing patterns, and prices which do not cover costs. Companies may not be able to track traffic properly for billing customers and other companies. Resale opportunities do not necessarily enable facilities-based competition.

MID-MISSOURI GROUP: A mandated calling service such as MCA may constitute a barrier to entry. If an ILEC is required to offer a service such as MCA, without any requirement for the service to be based upon cost, the effect may be a barrier for CLECs and IXCs to effectively enter either the intraLATA local or toll markets covered by the expanded service such as MCA. Each MCA in Missouri covers the most significant part of each LATA, in terms of customers and volume of traffic. The fact that most intraLATA calls of most MCA customers can be called on a toll free basis, utilizing a service which has no intercompany compensation mechanism and therefore does not in all cases cover its actual costs, forces IXCs or CLECs to resell MCA rather than offer competing services.

Other issues raised in PSC Case Nos. TO-98-363 and TO-98-379 affect and diminish the viability of MCA as an extended calling plan solution. These issues include the impact of MCA on internet access, cellular and paging customers, number administration, pricing, intercompany compensation and discrimination. MMG believes that cellular carriers should not be able to purchase and use MCA service for its traffic. An MCA plan raises issues of intercompany compensation between CMRS providers and LECs and presents traffic recordation and measurement problems.

OPC: Public Counsel hopes that competition will minimize the need of the Commission to mandate expanded calling plans. With competition, the companies can provide creative solutions to the customer’s calling needs and, if they have the incentive of competition, can offer attractive prices and suitable options in service. Until such time as competition develops, the Commission must stand ready to provide the relief and the service options required to achieve the legislative purpose. The real challenge is those areas where no competition develops and the customers are left with no alternative. Any mandatory plan must balance the move to competition with regulatory oversight to address the needs of rural communities.

SPRINT:

A. Metropolitan type Calling Plans (like St. Louis/KC/Springfield MCAs)

The Commission previously ordered the implementation of MCA service by all LECs serving customers in those exchanges designated as eligible for MCA. MCA provides customers in exchanges that surround St. Louis, Kansas City and Springfield MCA the ability to call and receive calls from other customers located in the metropolitan area or in another exchange designated as MCA for a flat rate. MCA was ordered as a bill and keep service in which the LECs bill their end user customers and no long-term inter-company compensation is exchanged. No provision was made by the Commission to either add additional exchanges to the MCA calling scope or to provide for new entrants to offer MCA service to their customers.

B. Circle Type Calling Plans (like OCA)

Circle type plans appear to provide a rational option that allows one-way plans, if offered by contiguous exchanges, to provide similar benefits to two-way plans, but without adding the administrative burden of exchanging phone numbers between companies or the problem of using additional scarce NXXs. The exchanges included in mandatory OCA 23-mile radius have already been determined and are loaded into all of the ILECs' billing systems. Companies may desire to create additional optional plans using the 23 mile radius as the calling scope since it is already known to some customers and 23 miles should be ample to meet the expanded calling needs of many customers.

C. Point-to-Point type calling plans – (like COS, EAS)

Only in those instances where mandatory EAS can be voted in by a majority of the two exchanges should two–way EAS be considered. One-way EAS and One-way COS are options if the rates are compensatory.

D. County-Wide/County-Seat type calling plans

County-Wide/County-Seat type calling plans are difficult and burdensome to bill correctly. In most instances, the county and county seat may be included in a 23 mile radius such as that used by OCA. Sprint supports reviewing whether the majority of county-seat towns are included in the current 23 mile radius used for OCA. Sprint does not support implementing any specific county-wide or county-seat type calling plans.

Sprint's experience in another state with county-wide calling has been that it is costly and burdensome. First, counties and exchanges have different boundaries. Second, Sprint is not sure that all counties in Missouri are wholly within a LATA. If not, it requires that Interexchange Carriers handle some of the calls. Third, many counties in Missouri are served by more than one local exchange carrier. If county-wide calling were implemented in those exchanges, local exchange carriers would be required to exchange customer phone numbers of those customers in the same county. Calls between two local exchange carriers offering service in an exchange within the same county may be billed as a flat rate while calls between the two carriers outside the same county, yet in the same exchange, are billed on a usage sensitive basis.

E. Exchange Consolidation

Exchange consolidation may be an option if adequate compensation is available to recover revenue losses associated with the change, but only for exchanges served by the same ILEC. In addition, the existing rates and the calling scopes of the exchanges would need to be considered as well.

F. Other

In at least one other state served by Sprint, a solution to expanded calling has been to implement a postage stamp-type calling plan. For example the cost to call from a petitioning exchange to a target exchange may be $.50 or $.35 per call regardless of duration. Customers appear to like this plan as they know the exact price of each call made. Companies like it better than some other alternatives because revenue is still generated on a usage sensitive basis.

STAFF: Staff concurs with the position of the Small Telephone Company Group (STCG).

STCG: Some of the specific concerns with various types of plans and plan provisions have been addressed in some detail in response to earlier questions. The information outlined below is intended to try to highlight areas of concern that might be raised by the general plan outlines. Comments are directed more toward typical implementations of such plans and do not try to address all possible combinations of provisions under each plan type.

1. Metropolitan type calling plans (like MCA) - Major areas of concern regarding the MCA plan as implemented include: 1) the required use of NXX codes in each exchange to distinguish subscribers from non-subscribers. This would be of particular concern if the MCA concept is expanded to rural locations where the assignment of a new NXX code would be required for only a few hundred customers. 2) The mandated bill and keep intercompany compensation mechanism. Concerns in this regard are heightened when a competitive LEC environment is introduced. 3) Concerns by competitive service providers regarding possible discriminatory aspects of the plan. 4) Use of a non 1+ dialing pattern raises some concerns regarding the discriminatory potential for that dialing pattern.

2. Circle-type calling plans (like OCA) - A primary concern with mandating a circle-type calling plan, as a toll plan, is the concern regarding the possibility of advantaging or disadvantaging a competitor in these markets by requiring some competitors, but not all to participate in such plans. The financial ramifications of requiring such a plan would depend on the size of the circle and any specific rate structure requirements. To the extent that smaller LECs are required to participate in such a plan, the specific impacts of rate structure and rate levels may impact these companies to a greater degree than larger companies depending on the specific characteristics of calling from the exchange.

3. Point-to-Point type calling plans (COS, EAS) - Several factors have been of concern in regard to plans of this type. The two-way requirement of the COS plan, although desired by customers, causes significant technical difficulties and was likely one of the major factors that caused the Commission to decide to terminate the plan as being anti-competitive. Another major factor in the demise of the COS plan was the intercompany compensation which was minute-based, although the service was flat-rated. Use of the service by end users to access internet providers made the service financially unviable. The mandatory nature of EAS has been a significant hurdle to expansion of this type of plan since there are differing opinions among customers as to whether the plan is acceptable or not. This can be particularly contentious in situations where calling from customers in an exchange is strongly divided in two different directions. However, implementation of a mandatory plan does qualify the expanded local calling scope for funding under the MoUSF.

4. County-wide/county-seat type calling plans - As indicated in the response to the technical implications of various plans (Q3) these plans are technically difficult (or impossible) to implement because county boundaries and telephone exchange boundaries do not coincide and it is difficult to direct calls on an individual customer basis to varying county locations. Depending on the specific provision of the county-type plan, issues related to mandatory vs. optional and one-way vs. two-way may come into play as well. It is also likely that billing ramifications of these plans would be substantial and may require significant modifications to billing systems. Depending on the definition of the plan characteristics, inter-company compensation may be a greater or lesser problem.

5. Exchange Consolidation - The financial implications of exchange consolidation are considerable since all traffic between the two exchanges is converted from toll to local with a resulting loss in access (both switched and billing and collecting) revenue. Calling is also changed from a 1+ dialing pattern to 7-digit which may have some competitive ramifications. Exchange consolidation also leads to the combining of the toll rating point at some location. Care must be exercised to see that the toll for calls to remaining high calling points is not significantly impacted by relocation of the toll rating point. In some cases, particularly if there is an attempt to reclaim an NXX code, exchange consolidation can be complicated by requirements for customers to change numbers and by political/emotional concerns regarding the loss of community identify.

Additional Statements
by the Participants

MCI Telecommunications and MCImetro

The Commission should turn its attention away from calling plans and focus instead upon improving the conditions for the development of the competition that will bring a variety of options to customers. Access charges need to be reduced to enable lower toll rates, including calling plan rates. Dialing parity needs to be implemented. In short, the Commission should concern itself with eliminating barriers to market entry, rather than constructing new barriers.